

Daily Report

East Asia

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Daily Report

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FBIS-EAS-95-026	CONTENTS	8 February 1995
NOTICE TO READERS: An *	indicates material not disseminated in electronic form.	
INTERNATIONAL AFFAIR	es	
SPF Welcomes U.S. Nucle APEC Trade Liberalization APEC Preparatory Meetin APEC Forum Agrees on C	ar Testing Decision [Melbourne Radio]	
NORTHEAST ASIA		
Japan		
Text of Revised Der Draft Report Controls Seeks UNSC Article Views G-7 Not MOF To Send Offici DPRK Reactor Controls Tsuruga Mayor Avoid Public Donations Unserving Environment To Propolitical Maneuvering Earthquake Said Afficant Review of 10-Year Political Maneuvering Earthquake Said Afficant New Funds for Quake To Additional New Funds for Quake Tax Breaks, Exemptive Liability-Linked Insurant Account Surant MOF Summarizes Stop Quake To Increase Controls of Imported Canyon New Funds for Quake To Increase Controls of Imported Canyon New Funds for Increase Controls of Imported Canyon New Funds for Increase Controls of Imported Canyon Public Controls of Imported Canyon New Funds for Public Controls of Imported Canyon New Funds for Increase Controls of Imported Canyon New Funds for Increase Controls of Imported Canyon Public Canyon Publ	ss U.S. Bases in Okinawa [KYODO] k of IPR Protection Plan [SHUKAN DAIYAMONDO egulation Report Disclosed [MAINICHI SHIMBUN 8 Questioned [YOMIURI SHIMBUN 7 Feb] Nonpermanent Seat for 1997 [KYODO] ations, Currency Crisis [NIHON KEIZAI SHIMBUN 8 feb] at to WTO Secretariat [KYODO] aract Talks Reviewed [ASAHI SHIMBUN 8 Feb] d Risk, Freezes Reactor Plan [KYODO] ged To Pay 'Comfort Woman' [KYODO] Budget To Grow 3.4 Percent [KYODO] gose Family Care Leave Bill [KYODO] getting Distribution, Tourism [KYODO] ation Quake Compensation Plan [KYODO] al Funds for Quake Victims [KYODO] ation for Quake Victims Planned [KYODO] ation for Quake Victims Planned [KYODO] ation for Quake Victims Planned [KYODO] ation Streamlining Plan [NIHON KEIZAI SHIMBUN 7 for Set Record in Jan [NI	5 Febj
North Korea		
Rejects U.S. Classification Rock Framework, In CPRF Says ROK His CPRF: N-S Dialogue ROK Army Bandits Paper Criticizes ROK Koreans in China Sur Letters Sent to ROK Japanese Group Sup	on U.S. Human Rights Report [KCNA] harges of Problem [KCNA] N-S Talks 'Separate Matters' [Pyongyang Radio] ndering North-U.S. Talks [Pyongyang Radio] Issue Depends on ROK [KCNA] Inciting War Atmosphere [KCNA] K's National Security Law [KCNA] pport Joint Meeting Appeal [KCNA] Groups Urging Celebration [KCNA] ports Appeal of Joint Meeting [KCNA] see Wrestlers Arrives 7 Feb [KCNA]	

	Kim Yong-sun Meets Delegation [KCNA]	22
	President of Chinese University Arrives 7 Feb [KCNA]	23
	Finance Minister, Delegates Depart for Mongolia [KCNA]	23
	KSDP Delegation Arrives in Bangkok 31 Jan [Pyongyang Radio]	23
	Kim Chong-il's Works Reportedly Studied Abroad [KCNA]	23
	Further on Kim Chong-il Birthday Commemorations	24
	More on 'Greatest Holiday' Decree /KCNA/	24
	Works Published in Cuba, India KCNA	24
	Celebrations in Foreign Countries /KCNA/	25
	Chang Chol, Kim Ki-nam at Exhibit /KCNA/	25
	Gift From Egyptian Party Leader /KCNA/	25
	Kim Chong-il Inspects Coastal Artillery Unit [Pyongyang Radio]	25
	Notes 'Satisfaction' With Training /KCNA/	26
	Soldiers 'Overwhelmed With Joy' /KCNA/	27
	Kim Chong-il Sends Birthday Table to Centenarian [KCNA]	28
	Anniversary of Chongsan-ri Spirit Commemorated [KCNA]	28
	Leaders Attend Report Meeting [Pyongyang Radio]	29
	South Korea	
	Kong: ROK-Style Reactors Prerequisite to Accord [YONHAP]	30
	U.S.: DPRK Rejects ROK-Style Reactors /YONHAP/	30
	Moscow: Russian-Style Reactors 'More Suitable' [YONHAP]	30
	Government Suggests Russia Participate in KEDO [TONG-A ILBO 8 Feb]	31
	Gallucci Interviewed About ROK-Style Reactors Seoul Radio	31
	Alleged Clinton-DPRK Delegates Meeting Viewed [HANGUK ILBO 8 Feb, etc.]	31
	U.S. Monitors Possible DPRK Heroin Dealing /YONHAP]	32
	Foreign Minister Arrives in U.S. for UN Visit /YONHAPI	32
	Foreign Minister Kong's Visit to U.S. Analyzed [CHOSON ILBO 8 Feb, etc.]	32
	Dailies View Possible U.S. Trade Pressures CHOSON ILBO 8 Feb, etc.	33
	Kim Chong-il Said Striving To Control Military [YONHAP]	34
	Gorbachev Urges N-S Private Exchange Programs /YONHAP]	34
	President Kim Meets With Mikhail Gorbachev /YONHAP]	35
	Kim Tae-chung Urges Opening to Japanese Culture [YONHAP]	35
	Kim Tok-yong Selected as DLP Secretary-General [YONHAP]	35
	President Kim's DLP Reshuffle Message Analyzed /YONHAP/	35
	University Students 'Turning' Away From Activism [THE KOREA TIMES 8 Feb]	37
	Electronics Firms Post Two-Digit Exports Growth [YONHAP]	37
COL	Residents of Seoul, Others Face Water Rationing [THE KOREA TIMES 8 Feb]	37
300	THEAST ASIA Brunei, Malaysia & Singapore	
	Malaysia	
	Effect of GSP Phase-Out Viewed [THE STAR 7 Feb]	39
	Possible Vietnam Membership in ASEAN Viewed [Kuala Lumpur International]	39 40
	Cambodia	
	Keat Chhon Views Steps to ASEAN Membership [Phnom Penh Radio]	40 40
	Indonesia	
	Impact of Sino-U.S. Trade Conflict Viewed [SUARA PEMBARUAN 7 Feb]	41
	'Pragmatic' Attitudes Aid PRC-ASEAN Ties [MERDEKA 4 Feb]	41
	Trade Minister Views Global APEC Role [ANTARA]	43
	THE PROPERTY OF THE PARTY OF TH	43

Minister Regrets Christian Group's Action [Jakarta Radio]	44
Home Minister Discounts 'Policical Trauma' [SUARA KARYA 7 Feb]	44
Philippines	
Ramos Discusses PRC Ships in Disputed Area Quezon City TV]	44
Thailand	
Editorial Sees U.S. Retreat on China Dispute [MATICHON 8 Feb]	46
Chinese Dailies Comment on Sino-U.S. Trade War [XIN ZHONG YUAN RIBAO, etc]	46
Closer Economic Cooperation With PRC Noted ZHONG HUA RIBAO 6 Feb	47
PRC's Ni Zhifu Postpones Visit /XING XIAN RIBAO 7 Febl	47
Details of Rice Deal With DPRK Outlined BANGKOK POST 8 Feb	48
Cabinet Approves Tax Pact With South Africa Bangkok International	48
Cabinet Approves ITCB Membersnip [Bangkok International]	48
Impact of Amended Alien Business Law Examined [THE NATION 8 Feb]	48
Central Bank To Grant 14 New Bank Licenses [THE NATION 7 Feb]	49
Minister 'Concerned' About Financial Plan [BANGKOK POST 8 Feb]	50
Police Official on Arrest of Khun Sa Followers BANGKOK POST 8 Feb]	51
Prospective Purchase of Submarines Examined	
Navy Official Interviewed [MATICHON 5 Feb]	
Army's Wimon Wongwanit Comments [BANGKOK POST 8 Feb]	
Supreme Commander Sees Need [THE NATION 7 Feb]	54
Vietnam	
Buddhist Council 'Strongly' Condemns Dissidents [VNA]	55
Premier Urges Better Public Complaint Resolution [Hanoi Radio]	55
Regulations on State Auditing Agencies Approved [Hanoi International]	55
Deputy Premier Receives Indonesian Guests [VNA]	56
Nguyen Manh Cam Arrives in Australia 7 Feb [Hanoi International]	56
Defense Ministry Widens Research Center Scope [Hanoi Radio]	56
Article on Saseguarding Socialist Orientation [TAP CHI QUOC PHONG TOAN DAN Nov]	56
USTRALASIA	
Australia	
'Stanged Lin' Local Espianage by DDC Cited (AED)	60
'Stepped Up' Local Espionage by PRC Cited [AFP]	59
Evans on Release of Burma's Aung San Suu Kyi /Melbourne Radioj	34

SPF Welcomes U.S. Nuclear Testing Decision

BK0702093595 Melbourne Radio Australia in English 0500 GMT 7 Feb 95

[FBIS Transcribed Text] The South Pacific Forum [SPF] has welcomed the decision by the United States to further extend its moratorium on nuclear testing. The forum was responding to last week's announcement in Washington that President Clinton has decided to extend the current moratorium on all American nuclear testing until a comprehensive test ban treaty enters into force.

The secretary general of the forum, Ieremia Tabai, said the moratorium was another encouraging development in realizing the SPF's anti-nuclear objectives. He said the SPF leaders reiterated at their meeting in Brisbane last year the importance they attach to the United States' moratorium on testing. Mr. Tabai expressed the hope that the other nuclear powers would take note of the American decision and respond appropriately. The forum and its members have protested many times about nuclear testing in French Polynesia in the South Pacific.

APEC Trade Liberalization Agenda Viewed

BK0602013195 Bangkok THE SUNDAY POST in English 5 Feb 95 p 5

[Report by Somphon Thapanachai]

[FBIS Transcribed Text] Senior officials of the Asia Pacific Economic Cooperation (Apec) group will try to outline the framework for trade liberalisation at their first special meeting in Fukuoka, Japan, on February 16 and 17.

Participants at the special senior officials meeting will try to interpret the Bogor Declaration, agreed by Apec leaders at their "informal meeting" last November, for trade liberalisation within their group by 2010 for developed countries and 2020 for developing nations.

The method of liberalisation for each Apec member remains unclear but it is hoped that Apec will use the current tariff reduction system of the Asean Free Trade Area (Afta) which is voluntary.

"The Apec members did not want to use a method of 'offers and requests' that applies under the General Agreement on Tariffs and Trade (Gatt) because this would mean Apec would be changed to a negotiating body," said Business Economics Department deputy director-general Aphiradi Tantraphon.

Apec leaders are still to agree on the classification of its 17 members into "developed" and "developing" countries.

Some want to use per capita income as a basis and others want to take economic growth into account.

"Thailand may be defined as a developing country because of its low per capita income, but Australia may view Thailand as a developed country because of its very high economic growth," Mrs Aphiradi said. Apec members include the six members of the Association of Southeast Asian Nations (Asean), the United States, Canada, Australia, New Zealand, Japan, China, South Korea, Taiwan, Hong Kong, Mexico and Chile.

Malaysia and Thailand are likely to confirm their reservations and observations on the Bogor Declaration at the meeting in Fukuoka.

Thailand submitted a list of observations to the declaration a few weeks after Bogor, but they are yet to be officially recognised.

Mrs Aphiradi said Japan, as the host of this year's meeting of Apec ministers and economic leaders, had set a programme for meetings of senior officials: one for senior officials on February 13-15 to consider routine and "housekeeping" work of Apec, and a special meeting on February 16-17 to consider issues on trade liberalisation and ways to implement it.

Japan also wants each member to send three specialists on economic and trade issues to the special meeting.

Thailand's delegation includes Business Economics Department director-general Kroekkrai Chiraphaet and members of the ministries of finance and foreign affairs.

Special meetings are scheduled three or tour times this year before their reports are submitted to the ministers and economics leaders at their "informal meeting" in November in Osaka.

Mrs Aphiradi said Apec officials dealing with the harmonisation of product standards would meet on February 6-7, the Economics Committee on February 8-9 and the Committee on Trade and Investment on February 10-11.

The Economics Committee will consider the Canadian proposal for a "competition policy" among the group.

The more advanced members of APEC want this policy implemented among the 17 members, arguing that while some members had lower tariffs than others, this would not help market access because of their monopoly of the market.

The National Apec Committee chaired by Foreign Minister Thaksin Chinnawat, met yesterday to prepare for the Apec economic leaders meeting at the end of the year.

The committee had assigned Permanent Secretary for Foreign Affairs Pracha Khunakasem to organise a meeting of ministers from key economic ministries to outline Thailand's position on trade liberalisation in the Apec group.

The Foreign Ministry's Economics Department will coordinate operations of agencies overseeing 10 work programmes under the Apec group.

APEC Preparatory Meeting Begins in Fukuoka
OW0602072895 Tokyo KYODO in English 0652 GMT
6 Feb 95

[FBIS Transcribed Text] Fukuoka, Feb. 6 KYODO— The Asia-Pacific Economic Cooperation (APEC) forum began a four-day session Monday [6 February] to lay the ground for its high-level working session next week.

About 60 officials from 18 member nations and regions attended the meeting to discuss problems concerning mutual recognition of standards and certificates in food trade in the region, conference officials said.

The delegates will also discuss improvement of customs clearance procedures and conclusion of a mutual certificate agreement among their countries and regions, the officials said.

The preparatory meeting was organized by the Committee on Trade and Investment ahead of a meeting of senior APEC officials to be held here Feb. 13-15.

Japan will host a series of meetings scheduled by the economic forum this year in preparation for its ministerial meeting to be held in November in Osaka.

At the senior officials' meeting, Japan plans to set in motion discussions on concrete steps to promote liberalization of trade and investment in the region, government officials say. The goal was set in the Bogor Declaration adopted at APEC ministerial meeting held in Indonesia last year.

Japan also hopes to further cooperation in other fields such as development of human resources, the officials say.

APEC Forum Agrees on Customs Clearance Plans OW0702122595 Tokyo KYODO in English 1150 GMT 7 Feb 95

[FBIS Transcribed Text] Fukuoka, Feb. 7 KYODO— The Asian- Pacific Economic Cooperation (APEC) forum agreed Tuesday [7 February] to work out voluntary action programs to speed up customs clearance and promote regional trade, officials said.

The officials said the agreement was reached at a meeting of the forum's customs procedures subcommittee on the second day of a four- day meeting to prepare for the group's high-level working session opening Monday.

About 40 representatives from 18 member nations and regions attended Tuesday's meeting.

The action programs worked out by member nations will be submitted to Japan before the forum's ministerial meeting to be held in Osaka in November, the officials said.

The attendants confirmed that the action programs will include measures to speed up customs clearance procedures through introduction of electronic devices, they said.

Japan

Tamazawa To Discuss U.S. Bases in Okinawa

OW0702142595 Tokyo KYODO in English 1351 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—Defense Agency Director General Tokuichiro Tamazawa will visit Okinawa. Japan's southernmost prefecture, Feb. 17-18 to discuss with Okinawa Governor Masahide Ota the possible reduction of local U.S. bases, agency sources said Tuesday [7 February].

Tamazawa is expected to go to the United States as early as May to discuss the issue with U.S. authorities, based on Okinawan wishes, they said.

Okinawa's local authorities have for many years urged a reduction of U.S. bases. Ota renewed the calls in early January and asked the government to make efforts to achieve a cutback, saying some 75 percent of U.S. military facilities in Japan are situated in Okinawa.

The governor has also visited the U.S. a number of times to put forward the request.

The Defense Facilities Administration Agency has formed a task force and has begun negotiations with the U.S. military on the issue.

The Okinawa prefectural government has asked the national government to have the U.S. authorities return Naha military port and Yomitan supplementary airport. It has also urged a halt to U.S. military shooting exercises which necessitate closing of a prefectural highway.

The U.S. military, however, has asked for alternative facilities to replace the port and airport and the covering of costs involved in carrying out the maneuvers in another location.

Prime Minister Tomiichi Murayama and U.S. President Bill Clinton discussed the Okinawa base issue, among other things, when they met in mid-January in Washington.

At that time, Clinton said he had asked U.S. Ambassador to Japan Walter Mondale to study how to resolve the port, airport and maneuver issues.

Article Laments Lack of IPR Protection Plan

OW0802113395 Tokyo SHUKAN DAIYAMONDO in Japanese 4 Feb 95 pp 36-37

[Article by Masashi Kurose of the Kyowa Patent Law Office: "Intellectual Property Disputes are Intensifying in Asia: Japanese Strategy Lags Far Behind"]

[FBIS Translated Text] On 31 December 1994, U.S. Trade Representative [USTR] Mickey Kantor announced a list of economic sanctions against China in accordance with Section 301 of the Omnibus Trade Act, which provides for specifying and taking sanctions

against countries which violate Intellectual Property Rights [IPR]. As the reasons for the sanctions, the Office of the USTR cites the following: The inefficiency of China's crackdown on rampant bootlegging in China of U.S.-made compact discs and the inadequacy of China's protection of IPR of U.S. businesses.

Unless the Chinese side takes a definite step by 4 February, the U.S. Government is prepared to slap 100 percent tariffs on Chinese goods exported to the United States, such as textile goods, electronics, and toys, amounting to \$2.8 billion in total.

The Chinese side has shown a very swift response to the U.S. announcement by announcing a retaliatory list for the U.S. sanctions, such as a temporary suspension of negotiations for producing large-sized U.S. automobiles under Sino-U.S. joint management. And China is reacting strongly against the United States, pledging its own sanctions against the U.S. sanctions.

There is no knowing how the "economic sanctions war" between the United Stats and China will be settled, for the war is intricately interwoven with the negotiations for China's entry into the World Trade Organization, the North Korean nuclear issue, and U.S. industry's strategy toward China. However, this occurrence clearly shows the U.S. intention to squarely treat the IPR issue as an international trade issue and to actively promote the strategic application of the sanctions war. This also foretells that there will be a hard struggle between the United States and China for hegemony in the Asian market, using the IPR issue as a means of negotiations.

The United States Is Intensifying Its Attacks

"The Report on Foreign Trade Barriers," released by the Office of the USTR in late March 1994, pointed out Japan's trade barriers in seven fields and 43 items-a record high. The report also pointed out trade barriers in 38 countries and areas in addition to Japan. What is noteworthy is the report's criticism that in Asian countries, the protection of intellectual property rights is inadequate. Concerning the protection of intellectual property rights, the report conspicuously points out "a delay in taking protective measures against the infringement of intellectual property rights." The United States, which has been highhandedly pressing Asian nations for enactment and amendment of their intellectual property right laws for the past ten years, has begun to demand, as the next step, strict application (execution) of the enacted and amended laws.

As if to endorse this phenomenon, there has been an increase in the number of lawsuits lodged by U.S. enterprises concerning the infringement of IPR in Asian nations. Chairman J.R. Junkins of Texas Instruments Inc. says that incomes derived from patents and technology are main business profits. And Texas Instruments has succeeded in collecting a large amount of royalties from each of Japan's semiconductor makers on the basis of the patent rights the firm obtained in Japan, like the

famous semiconductor patent called the Kilby patent. Texas Instruments filed a suit over infringement of its patent rights against Fujitsu Ltd., but lost its case at the Tokyo District Court in August 1994. However, Texas Instruments immediately instituted an intermediate appeal and shows no sign of mitigating its aggressive stance. In the future, lawsuits concerning the infringement of patent rights will be contested further between Japanese businesses and U.S. counterparts in Japanese courts.

Like Japanese semiconductor makers, South Korean semiconductor makers are open to concentrated attack by the United States in the field of patent rights. Most exposed to that attack is Samsung Electronics, which rose to seventh in the world semiconductor market in 1993. Samsung Electronics is under a severe patent attack by firms such as Texas Instruments, IBM, Thomson, Motorola, and SMC, and the firm is placed in the situation of having to pay a large amount of royalties every year.

The intellectual property rights offensive by U.S. enterprises is also aimed at Taiwan's personal computer makers. And Acer and other influential Taiwanese personal computer makers are obliged to pay a large amount of patent fees to U.S. enterprises.

In 1994, Microsoft Inc. and other U.S. software makers filed suit with the Beijing Municipal Intermediate People's Court against the six Chinese enterprises which sold pirated software on a charge of copyright infringement.

At present, an intellectual property rights offensive by U.S. enterprises has spread from within the United States to outside the United States, and the battleground is shifting to Asian countries, which are particularly conspicuous in their economic development. Under the circumstances, Japanese enterprises, which are conducting brisk business in Asia, are very likely to become a party to a lawsuit (to be warned as a trespasser and become a defendent). And what is to be noted is that the enterprises likely to attack Japanese enterprises in Asia are not confined to U.S. enterprises, but include all enterprises that compete with Japanese enterprises.

Japan Lacks Intellectual Property Strategies

Japanese enterprises' intellectual property strategies toward Asia are evidently inferior to those of U.S. enterprises. First of all, the Japanese Government has no definite intellectual property policy linked to its own trade policy. The Japanese Government has had almost no discussion on its intellectual property policy to deal with overseas operations of Japanese enterprises, transfer of production bases, and transfer and exodus of technology, which have increased rapidly since the Plaza Accord in September 1985. Only recently has Japan begun to provide assistance and to cooperate in the training of human resources for the establishment of the intellectual property rights system in Asian nations. However, it will take considerable time for these efforts to bring benefits to Japan.

On the other hand, U.S. Government policy is well defined. The "Young Report," released by the U.S. Government Competitiveness Committee in 1985, clearly stated that "strengthening the protection of intellectual property rights inside and outside the United States will lead to the strengthening of U.S. industry's competitiveness," and the policy was immediately implemented. In promoting its foreign strategy for intellectual property protection, the U.S. Government has designated the Office of the USTR as its public relations section and is gaining success in establishing an intellectual property rights protection system, primarily on the U.S. initiative through ingenious use of bilateral and multilateral relations.

When Japanese enterprises become involved in intellectual property disputes in Asian nations, the Japanese Government cannot extend help to them in the fashion of the Office of the USTR. Even if there is a serious infringement on the IPR of Japanese enterprises in China, it is quite unlikely the Japanese Government will impose economic sanctions on that country. Japanese enterprises must solve their own infringement cases for themselves.

In solving intellectual property rights disputes for themselves, Japanese enterprises are again forced to fight under unfavorable circumstances compared with their U.S. counterparts.

The legal services system of the United States has been very effective in developing an intellectual property strategy, because under that system many American lawyers are stationed in Asian nations, including China, and directions for the disposal of cases can be given to those lawyers directly from the law offices in the United States. Meanwhile, how many Japanese lawyers are stationed in Asian nations? Litigation through Japanese lawyers is by no means easy in terms of contacts or language, or perception of the situation. When the situation demands immediate attention, the outcome of a battle becomes evident.

Japanese enterprises, which have never faced a serious situation in intellectual property disputes, have not fully examined their intellectual property strategy in Asia. However, the situation surrounding the intellectual property system in Asia has so drastically changed that the system itself has reached the stage where it is functional. The number of applications for patents in Asia filed by U.S. enterprises greatly outnumbers that of Japanese counterparts. And it is to be noted that the number of applications filed by European and Asian enterprises is also increasing.

Intellectual property disputes increase in number with the intensification of market competition. Japanese enterprises, which intend to shift their production to Asia and promote an international specialization strategy, need to immediately establish an intellectual property strategy to cope with this.

Text of Revised Deregulation Report Disclosed

OW'0802115295 Tokyo MAINICIII SHIMBUN in Japanese 8 Feb 95 Morning Edition p 1

[FBIS Translated Text] The text of a report drafted by the secretariat of the Deregulation Study Committee [DSC] of the Administrative Reform Promotion Head-quarters was disclosed on 7 February. In the introduction, a numerical target is set to gauge the extent of relaxation of regulations for five years, and regular review by private sector experts even after the deregulation promotion program is drawn up is also provided for.

On specific issues, regulations on night duties and holiday work for women workers will be relaxed, the ban on holding companies will be abolished, and wheat prices will be lowered by reviewing the present pricing system.

However, with regard to the controversial issues of liberalization, such as regulations on the sale of alcoholic beverages, the report only notes the contending arguments. The committee members' opinions are only listed, and they do not have any legal force.

The DSC secretariat presented the first draft of its deregulation report to the committee composed of experts and representatives of consumer groups on I February. However, this was rejected and, therefore, the report had to be revised. The new report is made up of an introduction and sections on 13 sectors, including housing and land, and construction. The draft report will be discussed at the DSC on 9 February.

The various sections of the report deal with steps to relax regulations, such as: 1) rescinding the requirement for real estate developers to supply land to be used as parks; 2) reforming the railway fare system by introducing a price cap (ceiling) system; 3) relaxation of provisions in the Labor Standards Law intended to protect women; and 4) relaxation of regulations on the opening of branches by banks.

With regard to the sale of alcohol, one opinion says that regulations "ought to be abolished in the future," while another argues that "considering the need to prevent minors from drinking, no further deregulation is necessary."

On the issue of the Large Retail Store Law, the report notes that one opinion is that "this law should be reviewed, or even abolished, in order to improve the business capability of smaller retail stores," while another claims "the existing system is adequate."

In addition, arguments supporting or opposing the following are listed: 1) the controversial regulation on premiums offered to bank depositors; 2) price support system for agricultural products; and 3) review of postal savings.

Sources concerned with deregulation are now apprehensive that the report "may be taken as a recommendation

to maintain the status quo on the grounds that public opinion has not reached a consensus."

Furthermore, with regard to self-service sale of gasoline, which has already embarked on a process of liberalization, the report takes a conservative attitude, using the following ambiguous expression: "It is hoped that this will be reviewed in line with the goals of deregulation while paying full attention to safety."

Draft Report Questioned

OW0702152495 Tokyo YOMIURI SHIMBUN in Japanese 7 Feb 95 Morning Edition p 2

[FBIS Translated Text] On 6 February, the government's Deregulation Study Committee [DSC] disclosed a revised draft report on deregulation. The committee is to submit the final report to the Administrative Reform Promotion Headquarters (chaired by Prime Minister Tomiichi Murayama) by mid-February. The draft report, amended by the Councillors' Office on Internal Affairs [COIC], "tones down" a call for the establishment of a permanent deregulation monitoring organization, although DSC members have strongly demanded that such a body be established and be a main feature in the deregulation report. Because members are dissatisfied with the revised draft, the COIC may be asked to make a further amendment.

During the 1 February meeting, many DSC members made critical comments on the draft report, saying: "The draft does not carry coordinated views," and "It merely lists what we have discussed so far." Because of this, the COIC amended the draft report.

The revised draft adopts almost the same form as the original one. It is composed of general remarks and 13 particular remarks on deregulation. Both the revised and the original draft carry pros and cons under the particulars. Concerning the setting up of a permanent monitoring organization, the original draft notes: "The government should set up a permanent committee on deregulation and monitor permanently and regularly deregulation efforts." Meanwhile, the revised one says: "Great hopes are placed on (the existing third-party) Commission on Administrative Reform."

Tokyo Seeks UNSC Nonpermanent Seat for 1997 OW0802044095 Tokyo KYODO in English 0359 GMT 8 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO—Japan will run for a nonpermanent seat on the UN Security Council for the 1997-1998 term, Foreign Ministry officials said Wednesday [8 February].

Japan expressed its candidacy last September during a monthly gathering of the United Nations' Asian regional meeting, they said.

Japan, which is seeking to become a permanent member of the Security Council, has decided to run for the

nonpermanent seat because it wants to participate in important discussions at the council as debates on UN reform are under way, a ministry official said.

The reform of the Security Council, which requires amendment of the UN Charter, is expected to take at least two years to be realized, he said.

Tokyo also has decided to run for the seat because it has held nonpermanent seats every two years or so, he said.

Japan has held a nonpermanent seat on the 10-member Security Council seven times since 1958. It last held such a seat in 1992-1993.

Japan is currently lobbying UN member countries to field a single candidate from the Asian region for the election, which is expected to take place in October or November 1996, the officials said.

Other candidates from the region are the Philippines and India.

Asked why the Japanese Government did not reveal its candidacy until now, the officials said it was too early to announce it because the election is slated in 1996 and because Japan is still lobbying other UN member countries.

The decision to run for the nonpermanent membership has been approved by Prime Minister Tomiichi Murayama, Foreign Minister Yohei Kono, Chief Cabinet Secretary Kozo Igarashi and other senior government officials, they said.

The Foreign Ministry has been criticized by cabinet ministers and the ruling coalition parties' committee on foreign policy coordination for allegedly bypassing consultations with political leaders in making decisions on important diplomatic matters, including Japan's stance on UN affairs.

Igarashi said Wednesday that the decision to seek a nonpermanent seat on the Security Council is not related to Japan's bid for permanent membership of the powerful UN body.

"We have successfully run for nonpermanent membership and fulfilled its duty about seven times previously. Things are the same as in the past," he said at a news conference.

Igarashi said the government decided last fall to seek yet another two-year term on the council, which has five permanent members with veto powers and 10 nonpermanent ones.

Since the United Nations' inception in 1945, the five victors in World War II—Britain, China, France, the Soviet Union (now Russia) and the United States—have held the permanent council seats.

Article Views G-7 Nations, Currency Crisis

OW0702143595 Tokyo NIIION KEIZAI SHIMBUN in Japanese 5 Feb 95 Morning Edition p 1

[Article by reporter Shigeru Komago from Toronto: "G-7 and the Currency Crisis—Markets Sound Alarm at Inward-Looking Politics"]

[FBIS Translated Text] The world economy is in a strange situation. At the same time that it treads a path of "low inflation and stable growth," there is a currency crisis that is spreading from markets in developing countries to markets in major industrialized nations. This is an indication that markets are sounding out an alarm at politicians of various countries who, having given little thought to the beneficial results brought about by economic globalization, have turned to focusing their attention more toward domestic affairs and tend to have policies that are often belated. At their meeting on 3-4 February, finance ministers and central bankers of major industrialized nations (G-7) failed to come up with measures to remedy the situation. As a result, it is possible to envision a situation in which weaker countries, one after another, may fall victim to international investment capital, with their scenarios for economic growth impeded.

Decision Put Off

Late last September, Lloyd Bentsen, who was then U.S. treasury secretary, secretly visited Mexico. A U.S. Democratic Party official has said "that was the introductory chapter to the currency crisis."

As a preliminary result of the inauguration of the North American Free Trade Agreement (NAFTA), Mexico's trade deficit with the United States increased, and its foreign currency reserves diminished. At this point, Mexico should have implemented a tighter finance policy and devalued the peso. However, the U.S. treasurer urged the Mexican Government, (which was still undecided because it was concerned about the opinion of its people—who hoped that their country would "join the ranks of the major industrialized nations"), to put off the decision in consideration of the political situation in the United States at the time.

If the Mexican peso were to be devalued, imports into the United States would increase, and the U.S. President Bill Clinton's administration, which stressed that NAFTA will increase U.S. exports, would then find itself in a difficult position. There also remained the possibility that this could have a negative impact on the upcoming off-year elections and the congressional vote on legislation related to implementing agreements under the GATT's Uruguay Round of multilateral trade talks.

U.S. Government authorities have denied the existence of any such "intervention." However, there is no denying that inward-looking politicians in both the United States and Mexico had something to do with no action being taken for three months, until late last December, when the currency crisis surfaced. This delayed response resulted in capital flight from Mexico. Furthermore, the U.S. Government's stumbling over working out aid measures due to resistance from Congress added fuel to uncertainties.

Serving To Keep an Eye on Risks

As a post-Cold War phenomenon, W. Klein a senior researcher at the U.S. Institute for International Economics, has cited an "accelerated tendency for politicians in various countries to become inward-looking and for economics and capital to become borderless." In other words, the Mexican currency crisis symbolizes friction brought about by politics and economics, which face in completely opposite directions.

The economies in major industrialized nations, excluding Japan, are in a nearly ideal state. The United States and the EU recorded average yearly growth in 1994, in real terms, of 4.0 percent and slightly under 3 percent, respectively. The inflation rates have also been at the 2 percent level, so these nations are only a step away from making a soft landing toward "low inflation and stable growth." The world as a whole, including developing economies, has reportedly grown by approximately 3.5 percent.

The U.S. Brookings Institution attributes this situation to a "fully-developed international price competition." "Price revolutions" have been triggered in major industrialized nations one after another, due to the influx of inexpensive industrial products from Eastern European countries and developing economies in Asia and Latin America. In addition to boosting demand in industrialized nations, this also continues to force Japanese, U.S., and European enterprises to restrain price and wage hikes and keep streamlining their business operations.

Instead of stalling sales in the United States and the EU, the intensified international price competition has caused these nations to race to increase their productivity. This, in turn, has continued to act favorably toward improving corporate profits. In 1994, U.S. and European enterprises reportedly recorded two-digit percentage growth and 30-percent growth, respectively, in profits over the previous year. The power behind low inflation rate and stable growth in the United States and Europe is the vitality of the private sector rather than the governments' macroeconomic policies.

International investment capital encourages this kind of competition. According to the U.S. brokerage firm Merrill Lynch & Co., capital that has flowed out from the United States, including direct and indirect investments, totalled, on a net increase basis, slightly under \$190 billion in 1993 and slightly over \$130 billion in 1994. These figures are equivalent to 2.5-3.0 percent of the U.S. GDP.

John Heimann, an executive official at Merrill Lynch & Co., has stressed: "The magnitude of the impact of international investment capital on the world economy must be recognized, considering that at the peak, U.S. Government funding under the Marshall Plan after the end of World War II was about 2 percent of the U.S. GDP at the time."

Moreover, the money mentioned here does not come from the government; it comes from the private sector, which is sensitive to investment profitability and risks. If private investors foresee risks at the end of an investment boom, they immediately withdraw their investment. They are "monitors with intensely discerning foresight" (as stated by Jean-Michel Camdessus, managing director of the IMF).

Posing a Threat to Industrialized Nations

The greatest among such risks are politics and policies. Political confusion exists not only in developing economies like Mexico but also in major industrialized nations. Countries like Canada, Italy, and Spain, where the fiscal deficit is increasing because politicians are merely coming up with policies aimed at making them win elections, are beginning to feel the impact of withdrawal of investment capital from their markets.

The United States, still tied up with its "twin deficits"—
in the fiscal account balance and current account balance—is no exception.

Nevertheless, the U.S. Congress has turned its attention away from other countries and merely makes demands based on an extremely inward-looking stance. U.S. Treasury Secretary Robert Rubin has said: "The general public has a hard time trying to understand the reality that here are no borders in economics." This must have been as far as he could in expressing his dissatisfaction with domestic politics.

So far, Japan has attracted investment capital because of Japanese firms' competitive edge in developing technology and their high potential for growth. However, even such confidence is beginning to weaken, and foreign investors have begun to take notice. Amidst a prolonged political turmoil, Japanese politicians and bureaucrats have turned their attention to domestic affairs; they are no longer concerned about foreign affairs. The slow response of politicians and bureaucrats to the great Hanshin earthquake appeared to indicate that Japan's vitality was in imminent danger. If investors should turn their attention to such risks, Japan would also be placed on their watch list.

The IMF believes that the world economy will continue to maintain an average yearly growth of nearly 4 percent in 1995. This assumption is based on its judgment that major industrialized nations will strive to reduce their fiscal deficits and be able to keep long-term interest rates from rising. However, if politicians in various nations should hinder deficit-reducing efforts that will place painful burdens on their people, markets will rebel. Although G-7 nations argue that currency crises are the problems of developing economies, they are in fact the problems of industrialized nations as well.

MOF To Send Official to WTO Secretariat

OW0802103495 Tokyo KYODO in English 1003 GMT 8 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO—The Ministry of Finance [MOF] will send an official to the

Secretariat of the Geneva-based World Trade Organization (WTO) late in February to help smoothly launch a new global trade system, ministry officials said Wednesday [8 February].

Masamichi Kono, 39, will take the post of councilor for financial services at the Secretariat's Service Trade Section of the WTO, which was established on Jan. 1 to replace the General Agreement on Tariffs and Trade (GATT), the officials said.

Taking the place of GATT, a multilateral watchdog of trade in goods, the WTO will also handle with new areas such as services and intellectual property rights, they said.

The WTO is expected to play a central role in the future multilateral free trade system by strengthening trade liberalization and trade rules, they said.

The dispatch was part of the WTO's recruitment of 21 experts in such new fields and will bring the number of Japanese staff members at the Secretariat to two out of the current total of 450 officials, they said.

DPRK Reactor Contract Talks Reviewed

OW0802125595 Tokyo ASAHI SHIMBUN in Japanese 8 Feb 95 Morning Edition p 7

[FBIS Translated Text] With regard to cooperation with the DPRK (North Korea) in its shift to light-water reactors, Yutaka Kawashima, director general of the Asian Bureau of the Ministry of Foreign Affairs, indicated his view that negotiations with the DPRK on a construction contract for light-water reactors are likely to face rough going. The DPRK is expected to sign the contract by April in the wake of the establishment of the international consortium the "Korean Energy Development Organization." Kawashima made these remarks in his reply to a question asked by Hiroshi Yamada (from the New Frontier Party) during the 7 February session of the House of Representatives Foreign Committee.

Tsuruga Mayor Avoid Risk, Freezes Reactor Plan OW0702142695 Tokyo KYODO in English 1339 GMT 7 Feb 95

[FBIS Transcribed Text] Fukui, Japan, Feb. 7 KYODO—The mayor of Tsuruga in central Japan on the sea of Japan coast said Tuesday [7 February] the city will freeze its permission for construction of two more nuclear reactors near the city, citing the risk of damage in the event of a strong quake like the Jan. 17 earthquake in the Kobe area.

The city gave its consent late 1993 for construction of the reactors, which are planned as additions to a Japan Atomic Power Co. nuclear power plant complex on the sea of Japan coast about 15 kilometers north of the city.

But Tsuruga Mayor Koichi Takagi told a press conference he could not say when the freeze on permission will end.

"When you consider the destruction in the great Hanshin earthquake, it is the mayor's responsibility to ease the citizens' misgivings," Takagi said.

More than 5,200 people died and much of Kobe and nearby areas were leveled in the quake.

Citizens' groups opposed to the reactors said the announcement could be an attempt by Takagi to gain favor with voters ahead of mayoral elections in spring.

The city assembly, with backing from the local chamber of commerce, voted in favor of the reactors in 1993, deciding against a citizens' proposal for a referendum on the subject.

Takagi formally announced acceptance of the construction proposal late that year.

"It is not a cancellation," Takagi said. "It is only a freezing.

"It is a different matter if the Ministry of International Trade and Industry [MITI] approves of the construction."

A spokesman for the power company said the company will study the mayor's decision and try to eliminate worries among the citizens.

Tsuruga in Fukui Prefecture is about 350 km west of Tokyo.

Public Donations Urged To Pay 'Comfort Woman' OW0502105895 Tokyo KYODO in English 0920 GMT 5 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 5 KYODO—The government will call for 1 billion yen in donations from the people to supply lump sums of up to 1 million yen each to the women forced into prostitution for Japanese soldiers in World War II, government sources said Sunday [5 February].

Under the planned program, the government will not operate the fund to be donated by the people for future profit but pay the total amount to each woman, the sources said.

The government will subsidize 500 million yen of the cost of public relations and other clerical expenses in the scheme, the sources said.

It will set up an office to handle the project at the Japanese Red Cross Society and plans to open a bank account as early as March.

The government will soon propose the scheme to a task force of the ruling coalition parties dealing with the issue.

The coalition earlier had planned to establish a 10 billion yen fund and supply money to the women from profits earned by the fund.

The ruling parties, however, have decided to give the women all the money to be donated because if the government sets up a permanent fund, other war victims may claim compensation, the sources said.

The Japanese Imperial Army is believed to have forcefully recruited an estimated 80,000 to 200,000 women, mostly Koreans, and sent them to frontline brothels during the war.

About 1,100 such women have been identified so far.

A plan to provide up to 1 million yen to each of the women is most likely but the Social Democratic Party, the largest bloc in the three-party coalition, is insisting on a figure of up to 2 million yen each, the sources said.

FY95 Environment Budget To Grow 3.4 Percent OW0702132295 Tokyo KYODO in English 1247 GMT

OW0702132295 Tokyo KYODO in English 1247 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—The government's fiscal 1995 budget for environmental protection is expected to grow 3.4 percent from the previous year to 2.6 trillion yen, Environment Agency officials said Tuesday [7 February].

Total outlays for environmental protection proposed in the plan for the fiscal year starting April 1 reached 2,598.7 billion yen for 20 government ministries and agencies, according to the Environment Agency's estimate.

The budget is now under discussion in the Diet and is expected to be passed without major changes.

Among major items, 527.9 billion yen is earmarked for a halt to global warming, 2.5 billion yen for protection of the ozone layer and 176.4 billion yen for recycling and waste disposal.

The government has also allocated 49.9 billion yen for international cooperation for environmental protection.

Official assistance to developing countries for the green cause has been set to grow 18.4 percent to 10.3 billion yen.

Government To Propose Family Care Leave Bill

OW0702021095 Tokyo KYODO in English 0125 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—The government will submit to the Diet shortly a bill requiring employers in the public and private sectors to grant leave to workers to care for ailing family members, government officials said Tuesday [7 February]. The decision was made at the day's cabinet meeting, they said.

The bill calls for expanding the existing law for child care leave and adds new provisions for leave for care of other family members. If enacted, the legislation would become effective from April 1999, officials said.

Under the plan drafted by the Labor Ministry, such family care leave would be for a continued three-month period and allowed to workers whose family members—spouses, parents, children or in-laws—need care all the time.

According to sources close to a ministry panel drafting the bill, some panel members representing the labor side wanted to make the leave applicable for one year and to have it introduced in April 1996. But members representing the employers' side opposed this, and the government plan is a compromise between the two sides, the sources said.

They said there will be more heated discussions on the bill in the Diet because the opposition party Shinshinto (New Frontier Party) is likely to submit its own bill in favor of the labor side's view.

Political Maneuvering Within LDP Observed

OW0802032495 Tokyo ASAHI SHIMBUN in Japanese 4 Feb 95 Morning Edition p 7

[Unattributed article: "There Is Change in the Party Situation; Mr. Kono Approaches the YKK Trio"]

[FBIS Translated Text] Seven months have passed since the Liberal Democratic Party [LDP] returned to power, and the "dynamics" within the party have now begun to gradually change. LDP President Yohei Kono (deputy prime minister and foreign minister) has approached the YKK trio, including LDP Policy Research Council Chairman Koichi Kato [the other two are Taku Yamazaki and Junichiro Koizumi], reportedly with the aim of holding the former Obuchi faction-which is taking the initiative in coordinating candidates for the next general election-in check. Meanwhile, the influence of the LDP factions-which were disbanded as a matter of form—is increasingly being weakened. After seeing inter-party problems within the Social Democratic Party of Japan [SDPJ], some LDP members have begun to express hopes of "regaining one-party rule." The following is a report on recent changes within the LDP.

Struggle for the Posts of Party Executives

"They are trying to ignore Obuchi. It is unpardonable." Former Secretary General Seiroku Kajiyama (a member of the former Obuchi faction) burst into a rage at a meeting of "Kayu no kai"—composed of veteran LDP members—held at a Tokyo hotel on the night of 2 February. He betrayed his anger when a meeting on the night before between President Kono and Secretary-General Yoshiro Mori on the one hand, and the so-called the YKK trio—Policy Research Council Chairman Mr. Kato, Diet Affairs Committee Chairman Taku Yamazaki, and former Posts and Telecommunications

Minister Junichiro Koizumi—on the other hand, became the topic of conversation.

In addition to Mr. Kajiyama, other LDP members also believe that with the YKK trio meeting as a start, Mr. Kono—who is seeking reelection in the presidential election—and Secretary-General Mori are moving toward "encircling the former Obuchi faction."

Undoubtedly, Mr. Kono's contacts with the YKK trio were made suddenly. On 6 January, a meeting was held between Mr. Kono and Mr. Kato. In the meeting, Mr. Kato said: "As a senior member of the former Miyazawa faction, I support Mr. Kono," thus virtually announcing the stand of supporting Mr. Kono's reelection as party president. On 19 January, Mr. Yamazaki was appointed chairman of the Diet Affairs Committee.

During the course of the party executive reshuffle on 19 January, there was a scramble for the post of director of the Regional Organization Division, which has administrative power in managing elections. Mr. Obuchi, who is in charge of coordinating party-approved candidates for election, suggested appointing former Transport Minister Kenzo Muraoka—who was a senior member of the former Obuchi faction—as director. Meanwhile, President Kono insisted on appointing former Labor Minister Mitsuo Horiuchi, who is close to him; in the end, Mr. Horiuchi was appointed.

However, the result of the personnel reshuffle involves some risk for Mr. Kono who is busy dealing with diplomatic issues as foreign minister and unable to concentrate on party management. He may be "tripped up" if he antagonizes former Obuchi faction members, who are versed in how to fight elections (according to a senior member of the former Obuchi faction).

Centralized Powers Over the Party

"The result of the recent executive reshuffle was far from Mr. Watanabe's intentions," said a top party leader on 19 January, when the chairmanship of the General Council was given to former Foreign Minister Kabun Muto, who was a member of the former Watanabe faction. Underlying his remark is the fact that Mr. Kono rejected a request from former Vice President and Foreign Minister Michio Watanabe, who was the chairman of his faction, to appoint either former Post and Telecommunications Minister Masaaki Nakayama or Mr. Yamazaki, who are aides to Watanabe, as chairman of the General Council. In a sense, the reshuffle reflects the fact that the power of factionalism is declining.

All factions within the LDP were "dissolved" last year. However, instead, they are trying to form their own policy study groups to somehow maintain their influence within the party.

On the morning of 1 February, the former Watanabe faction held a "policy study meeting" in the party building for the first time since "dissolution" of the faction. At the meeting, Mr. Watanabe asked for the

participants' unity, saying: "It has virtually become impossible to maintain the faction because of the strengthened Political Funds Control Law. However, there will be a presidential election, which reflects the power structure within the party. Let us maintain our comradely unity." But Mr. Watanabe's influential power has sharply declined following the incident late last April, when he announced he was ready to leave the party but later decided not to do so. There is a strong view within the party that "there are few people around Mr. Watanabe. The Watanabe faction virtually no longer exists" (according a top LDP leader).

The influence of other factions is also declining. Even some members of the former Obuchi faction, which is said to have the strongest unity in the party, deplore the fact that "money and power to deliver party executive posts—which were faction's ultimage power—have come to be centralized on the party leadership and secretary general because of the revised election law."

As the relationship between the party leadership and former factions is unclear, there are moves within the party toward reorganizing the factions.

Desire for One-Party Rule

"There are some political forces trying to destabilize the political situation. What we have to do now is stabilize the political situation and calm society down," said President Kono at a lecture on 28 January. He stressed the necessity of "stability" and ruled out the possibility of early dissolution of the lower house.

Mr. Kono's strategy to win the presidential election is to strengthen the unity of the former Miyazawa faction by allying with Policy Research Council Chairman Kato, and to divide the other former factions by tying up with the YKK trio.

Mr. Kono's strength is that he is well known as a leader who favors a "dovish" policy—which is a feature of the coalition government formed with the SDPJ and Sakigake [Harbinger Party]. For his part, Mr. Kono intends to maintain the current coalition framework and to tighten party foundations while holding off the general election as long as possible.

On the other hand, within the LDP there is growing confidence that "if we can maintain the current situation, we can win the election even if it is held early" (according to a top party leader). Underlying such confidence is that given the situation wherein the New Frontier Party's [NFP] approval rating after its formation was undistinguished, the LDP not only succeeded in enacting the tax reform and related laws at an extraordinary Diet session last year but also compiled the budget for fiscal 1995. Another view has begun to surface that "the party needs to seek one-party rule by joining together conservative forces involving some NFP members" (according to a former Miyazawa faction member).

Therefore, there is the possibility that in preparation for the LDP presidential election in September, the coalition framework issue—whether "the current coalition should be maintained" or whether the party should "seek the possibility of a conservative-conservative alliance"—will be discussed again.

Earthquake Said Affecting Distribution, Tourism OW0802070195 Tokyo KYODO in English 0617 GMT 8 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO—Regional economies are suffering temporary negative effects of the Jan. 17 earthquake in western Japan, notably in the distribution and tourism sectors, the Finance Ministry said Wednesday [8 January].

Summing up reports by the heads of its 11 regional finance bureaus nationwide, the ministry said the nation's economy is on a moderate recovery path, aside from the quake-related slump.

Even businesses far away from the quake-hit Kansai region have experienced various adverse effects due to disrupted distribution and lack of parts and for other reasons as a result of the earthquake, a ministry official said.

Many of the regional finance bureau chiefs also voiced concern about the impact on the local tourism industries as cancellation of reservations has increased, the official said.

The official said, however, that the bureau heads agreed that the Japanese economy as a whole is resilient enough to overcome the adverse quake effects.

Companies are making efforts to find substitute resources or detours to conquer distribution difficulties, he said.

In an opening address to a two-day meeting of the regional finance bureau heads beginning Wednesday, Finance Minister Masayoshi Takemura urged them to continue efforts to help the region recover from the "unprecedented" quake damage.

Takemura said the government is taking all possible legislative, fiscal and monetary steps to this end.

In quake-hit Kobe and surrounding areas, individual consumption and production have become sluggish, transportation facilities have been severely damaged, and the external trade business significantly delayed due to damage at Kobe port, the ministry said.

Prices there, however, remain generally stable.

The Kansai region's economy, which recently had been recovering with the help of last year's opening of the Kansai international airport, is likely to be forced to a short-term standstill, the ministry said.

In the medium and long term, however, the economy in the region is expected to pick up again as private consumption and capital investment recover, it said. Demand spurred by public works projects related to reconstruction will also help, it said.

On the national front, the ministry said private consumption, notably of durable goods such as passenger cars and electronics products, is slowly recovering, although the number of customers at some large-scale retailers has declined after the quake.

Housing starts remain at a high level, but corporate managers remain broadly cautious about capital spending, though the rate at which spending was being cut has decreased, it said.

Corporate demand for operating and investment funds remains weak, it said.

Production has gradually improved while showing ups and downs.

Corporate earnings are expected to increase in the business year ending March 31 from the previous year's level as a result of sales increases and reductions in fixed costs such as personnel expenses, it said.

Some of the heads reported regional moves to shift production bases overseas and to set up new industries of small-scale but highly profitable advanced technology and the like, the ministry official said.

Review of 10-Year Public Investment Plan Urged OW0802092595 Tokyo KYODO in English 0842 GMT 8 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO—The chief of the Japan Federation of Employers' Associations (Nikkeiren) urged the government Wednesday [8 February] to divert funds from its 10-year 630 trillion yen public works program to reconstruct the quake-ravaged Kobe areas.

Nikkeiren President Takeshi Nagano told a news conference, "if the government reviewed the public investment program of 630 trillion yen, it could secure a considerable sum" to finance reconstruction-related work.

The business leader was referring to the huge government investment program covering a 10-year period, starting in fiscal 1995. The program calls for outlays in such fields as the improvement of the environment, welfare and cultural facilities.

The administration of Prime Minister Tomiichi Murayama announced the investment plan to live up to Japan's international pledge to bolster domestic demand through upward revision of the previously announced plan, which called for an outlay of 430 trillion yen.

Nagano also called for the government to meet reconstruction needs by diverting funds from the 6 trillion yen

program for rice farmers affected by partial rice import decontrol under the Uruguay round trade talks.

"If the government delayed the planned disbursements of budgetary outlays to farmers by one to two years, funds to finance quake-related work could be secured," he said.

The government had incorporated into the supplementary budget for fiscal 1994 an initial portion of the 6 trillion yen program designed to provide subsidies and other assistances to rice farmers.

"The government should raise funds needed for the reconstruction even by floating bridging bonds," he said, adding that the redemption of such bonds should be conducted by "recompiling" the fiscal 1995 budget.

Nagano balked at burgeoning plans in government circles to increase taxes, including a suggestion to bring forward the timing of a planned hike in the rate of the consumption tax, now at 3 percent, to finance the reconstruction.

The government's original plan called for increasing the rate to 5 percent, starting in April 1997.

"Even if the government refrained from adjusting the tax system, the funds could to raised," he said.

Murayama Dubious on Quake Compensation Plan OW0802085295 Tokyo KYODO in English 0815 GMT 8 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO— Prime Minister Tomiichi Murayama expressed skepticism Wednesday [8 February] about a proposal to set up a fund to compensate those who suffered losses in the Jan. 17 earthquake in western Japan.

"I understand it personally, but the system of our country does not allow it," Murayama told the Diet as the House of Councillors Budget Committee began intensive debate over the restoration of Kobe and other areas ravaged by the quake.

Murayama made the comment in response to a question by Shoji Motooka, a lawmaker from Murayama's Social Democratic Party (SDP).

The great Hanshin earthquake killed 5,277 people and injured 26,815, according to the National Police Agency. Six people are still missing.

The temblor also destroyed or badly damaged thousands of homes, leaving 240,000 people still forced to take shelter in gymnasiums, schools and other public buildings in Kobe and its surroundings.

So far nearly 59 billion yen has been donated for quake victims, government officials said, adding 100,000 yen per person has been distributed to those whose houses were destroyed or badly damaged by the quake.

As for the distribution of the donated money, Health and Welfare Minister Shoichi Ide told the committee that it is difficult to make foreigners staying illegally in Japan eligible to receive such money because the money can only be distributed to officially allowed residents.

Ide was quick to say that foreigners such as students and business people with proper working visas are eligible recipients of the donated money.

Ide made the comments in reply to a question by Kinuko Ofuchi, an upper house member from the SDP.

Labor Minister Manso Hamamoto said the government is considering whether or not to make companies damaged by the quake eligible for subsidies designed to help maintain employment.

"We are literally considering it in a positive light," Hamamoto told the committee in reply to a question by the SDP's Motooka.

The issue of how to maintain employment has surfaced in the quake-hit Hanshin area stretching from Kobe to Osaka as some companies are cutting jobs because of damage caused by the quake.

In a related development at the committee, a seismologist at state-run Tohoku University said that the government-commissioned coordinating committee for earthquake prediction plans to draft a new map of active faults in Japan to help predict devastating inland quakes such as the one on Jan. 17.

"We want to review our observation areas by drawing a map that indicates the degree of tension in active faults," said Akio Takagi, vice chairman of the committee, in remarks before the upper house budget committee.

In other remarks by cabinet ministers, Home Affairs Minister Hiromu Nonaka said the law governing the Self-Defense Forces (SDF) should be enforced flexibly in order to allow the swift dispatch of SDF personnel for disaster relief work.

Nonaka floated the idea in reference to a requirement under the law that SDF personnel can be sent for relief operations upon a request by the governor of a prefecture. This law has been cited for causing the slow SDF dispatch to Kobe and other quake-hit areas.

The law does allow the SDF to move independently in the event of disasters requiring emergency aid, but its ambiguity concerning the degree of urgency reportedly made it difficult for the SDF to act promptly.

The governor of Hyogo Prefecture, which includes Kobe, made such a request about four hours after the predawn quake on Jan. 17.

MHW: No Additional Funds for Quake Victims

OW0702114095 Tokyo KYODO in English 1002 GMT

7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—The Ministry of Health and Welfare [MHW] said it is not

planning to join a proposal calling for creation of a new system to provide additional consolation money to disaster victims, ministry officials said Tuesday [7 February].

The ministry is in charge of a current law that provides governmental funds for people who have lost relatives or have become disabled in a disaster.

The Hyogo prefectural government is calling for the central government to create a new system to pay additional money to victims of the Jan. 17 great Hanshin earthquake due to the unprecedented amount of damage.

It asked the government last week to pay 100,000 yen for each totally collapsed or burned house, 50,000 yen for each house partially damaged and 50,000 yen for each victim who sustained serious injuries.

The present law grants a maximum of 5 million yen for a victim killed by a disaster and a maximum of 2.5 million yen for a person who becomes seriously handicapped.

The Health and Welfare Ministry believes it is difficult to set up the new system because there has been no precedent in recent years, officials said.

They also said the government raised the ceiling to 5 million yen from 3 million yen in 1991 for each victim killed in a natural disaster.

New Funds for Quake Reconstruction Urged

OW0702091995 Tokyo KYODO in English 0811 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—The chairman of the Japan Association of Corporate Executives (KEIZAI DOYUKAI) urged Tuesday [7 February] that a second fiscal 1994 supplementary budget and a full fiscal 1995 budget be recompiled to finance the reconstruction of the quake-ravaged Kobe region.

Masaru Hayami made the proposal at a news conference, saying stopgap government bonds should be issued in case revenue shortfalls result from the recompiled budgets.

Hayami also said the planned government appropriations of more than 6 trillion yen to mitigate effects of the trade-liberalizing Uruguay Round accords on Japanese rice farming should be reviewed in connection with the budget reorganization.

Hayami expressed concern over the prospects that the Jan. 17 great Hanshin earthquake might delay plans for administrative reforms, including economic deregulation and mergers and abolition of government-backed corporations.

He said the quake is likely to have severe effects on a limited area but would not have serious effects on the Japanese economy.

Tax Breaks, Exemption for Quake Victims Planned

OW0802104395 Tokyo KYODO in English 1017 GMT 8 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO—The three ruling coalition parties decided Wednesday [8 February] to reduce the income and residential taxes of the victims of the Jan. 17 temblor in western Japan, or even have them exempted from the taxes, an official said.

"We decided on the content of the first batch of measures as we believe we should do whatever we can as quickly as possible," Takashi Fukaya of the Liberal Democratic Party said at a news conference.

Fukaya said the ruling coalition will immediately take steps to revise existing laws or create new legislation and submit the necessary bills to the Diet around Feb. 17.

The measures include tax breaks or cuts for disaster victims who lost their homes or more than half their property.

A revised law will exempt those with annual incomes of up to 10 million yen, instead of the current 6 million yen, from paying taxes or allow them to pay smaller taxes.

Liability-Linked Insurance To Debut in Apr

OW0802095795 Tokyo KYODO in English 0926 GMT 8 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO— Tokyo Marine and Fire Insurance Co. said Wednesday [8 February] it will introduce a product liability-linked insurance policy in April.

The major nonlife insurer said the new product is designed mainly for small enterprises with weak financial foundations.

The product liability law allowing consumers to sue manufacturers for damages caused by their products will come into force July 1 this year.

The company said the insurance policy will cover payments of damages and litigation costs for policyholders.

The company said it will also introduce similar products designed for small companies' groups set up by the Japan Chamber of Commerce and Industry to deal with lawsuits based on the law.

The maximum insurance payout for individual customers will be 300 million yen, the company said.

Current Account Surplus Drops in 1994

OW0802081895 Tokyo KYODO in English 0701 GMT 8 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO— Japan's surplus in trade and services in 1994 fell from the previous year for the first time in four years, the Finance Ministry said in a preliminary report released Wednesday [8 February].

A sharp increase in the invisible trade deficit more than offset a slight rise in the trade surplus, the ministry said.

The surplus in the current account, measuring goods, services and some unilateral transfers like grant aid, decreased by an unadjusted 1.6 percent to 129.33 billion dollars from a record high of 131.45 billion dollars posted in 1993.

The nation's high-profile surplus in trade, making up the bulk of the current account, hit a record high in 1994 and rose for the fourth year in a row, edging up 3.0 percent to 145.82 billion dollars.

Exports increased 9.3 percent to 384.01 billion dollars and imports grew 13.5 percent to 238.20 billion dollars.

The balance of invisible trade—transactions related to tourism, shipping and other services, posted a 8,988 million dollar deficit, more than double the 3.85 billion dollar deficit in 1993.

Tourism showed a record high deficit of 27.24 billion dollars, up from the previous high 23.30 billion dollars in 1993.

The number of Japanese traveling abroad during 1994 is estimated at 13.58 million, up 13.8 percent from 11.93 million in 1993, according to tourism officials.

The balance of transportation posted a record deficit of 12.47 billion dollars, up from a deficit of 11.18 billion dollars in 1993.

Masaru Takagi, chief economist at Fuji Research Institute, said that with the trade surplus growth reaching its peak, Japan's surplus in the current account has started declining.

As the so-called "J-curve effect" has waned, exports are unlikely to expand in either volume or cash terms, while imports may continue to increase sharply, Takagi said.

MOF Summarizes State of National Economy

OW0802034195 Tokyo KYODO in English 0234 GMT 8 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO— Japan's economy is in a moderate recovery trend, though industrial activities are temporarily at a standstill in areas ravaged by the Jan. 17 great Hanshin earthquake, the Ministgry of Finance [MOF] said Wednesday [8 February] in a summary of national economic conditions.

Summing up reports by the heads of the ministry's 11 regional finance bureaus nationwide, it said that despite ongoing adjustment in production equipment and plants, the economy is slowly recovering.

The exception is in quake-hit Kobe and surrounding areas, where individual consumption and production have become sluggish, transportation facilities and lines have been severely damaged, and the external trade business significantly delayed due to damage at Kobe port, it said.

The Hanshin region's economy, which recently had been on a recovery path, is likely to be forced into a short-term standstill, it said.

In the medium-and long-term, however, the economy in the region is expected to pick up on the back of recovery in private consumption and capital investment as well as demand for public works projects related to reconstruction, it said.

On the national front, the ministry said private consumption, notably of durable goods such as passenger cars and electronics, is slowly recovering, but the number of customers at some large-scale retailers has declined due to the quake.

Housing starts remain at a high level, while corporate managers remain broadly cautious over capital spendings, though the extent of spending decline paces has narrowed, it said.

Corporate demand for running and investment funds remains weak, it said.

Production has gradually improved through ups and downs. However, production activities in the Hanshin region and other areas have been badly affected by disrupted distribution or stopped production of parts following the quake, it said.

Corporate earnings are expected to increase in the business year ending March 31 from the previous year's level as a result of sales increases and reductions in fixed costs such as personnel expenses, it said.

Quake To Increase Output 20 Trillion Yen

OW0802125195 Tokyo KYODO in English 1205 GMT 8 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO—The economic fallout from the Jan. 17 Great Hanshin earthquake will lead the Japanese economy to increase its production by 20 trillion yen, a research arm of Cosmo Securities Co. said Wednesday [8 February].

Cosmo Securities Economic Research Institute said reconstruction-related expenditures will continue to create extra demand until fiscal 1997 or thereafter.

In fiscal 1995, reconstruction will be most beneficial to the general machinery industry by increasing its profit by 46.1 percent, followed by the ceramic-and-cement industry with a 25.8 percent profit rise and then the steel industry with a 21.9 percent rise, it added.

Sales of Imported Cars Set Record in Jan

OW0702134995 Tokyo NIHON KEIZAI SIIIMBUN in Japanese 7 Feb 95 Morning Edition p 9

[FBIS Translated Text] According to a report prepared by the Japan Automobile Import Association [JAIA] (director: Jiro Yanase) on 6 February, the number of imported cars sold during January was 19,753, a 2.5 percent increase over the same month last year. This is the 15th consecutive increase and is the highest ever, a January record. Of these cars, 6,387, which is a 4.4-fold increase, were produced by Japanese makers abroad. The report shows that one out of three imported cars is made by Japanese automakers abroad.

According to actual records of January sales for different types of vehicles, 18,258, which is a 60.7 percent increase [over the same month of the previous year], were passenger cars. In particular, the increase rate for passenger cars with an engine displacement of 2,000 cc or more was 91.4 percent. One thousand four hundred and ninety-five trucks, including recreational vehicles (RV's), were sold. This is an 87.6 percent increase.

As for manufacturers, Ford Motor Company made remarkable progress. The number of Ford vehicles sold, including those made by Ford in Europe, was 1,208, or 2.6 times the number of Ford vehicles sold in January 1994. This is more than the number of German BMW's; (1,030 BMW's were sold during January).

Of the Big Three, Chrysler had good business with a 24.3 percent increase. But, General Motors sales dropped by 8.5 percent. Yanase & Co., which sells GM vehicles, explained: "Due to the great Hanshin earthquake, sales in the Kinki district dropped far below target."

European automakers, except for BMW whose sales dropped by 0.4 percent, increased their shares. Sales of the Volkswagen-Audi Group increased by 32.2 percent. Opel and Benz also secured a double-digit increase, or 26.5 and 11.6 percent, respectively.

The imported Japanese cars were the "Accord Wagon" made by Honda Motors in the United States and the Nissan Motors "Mistral," made in Spain, and others. Passenger cars are selling well. The share of imported passenger cars in the Japanese auto market is 9.7 percent. It is 6.8 percent without imported Japanese cars.

According to the JAIA, the number of imported cars sold in Hyogo Prefecture during January was 232, a 56.1 percent drop from the same month of the previous year. "This is because there were many high-class residential areas around Kobe that were hit heavily by the earth-quake," (according to the same association). However, sales increased 47.9 percent in Osaka. There is nothing to indicate a decline in consumer confidence, including restrained purchasing, in neighboring areas. Domestic demand for new cars is gradually recovering. With this as background, the likelihood is that good sales of imported vehicles will continue for some time to come.

NYK's Nemoto Named President of Nikkeiren

OW0802024695 Tokyo KYODO in English 0120 GMT 8 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 8 KYODO—The Japan Federation of Employers Associations (Nikkeiren) decided Wednesday [8 February] to name Jiro Nemoto, president of major shipping company Nippon Yusen K.K. (NYK), as the next president of the organization, its officials said.

Nemoto, 66, has been serving as Nikkeiren's vice president since May 1992. He joined the shipping company, a key member of the Mitsubishi group, in 1952 and assumed its presidency in 1989.

Takeshi Nagano, ?!, current president, is to resign in May upon completion of a second two-year term.

The decision was made at a meeting of the group's top executives on the day, the officials said, adding the plan will be formalized at a regular general meeting May 17.

Nemoto is the fourth consecutive Mitsubishi group member to head Nikkeiren. Nagano is the chairman of Mitsubishi Materials Corp.

In representing a powerful business lobby formed by the nation's major employers, past presidents of Nikkeiren have customarily played a key role in annual "shunto" employer-worker wage negotiations. Because of the importance of this role, Nikkeiren president havee long been drawn from within the manufacturing industry.

But the latest nominee, Nemoto, has been drawn from a nonmanufacturing sector, reportedly because labor unions in many industries have become more cooperative toward their employers partly as a result of the long recession, industry sources said.

More on Public Corporation Streamlining Plan

OW0702131395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 6 Feb 95 Evening Edition p 1

[FBIS Translated Text] The issue of streamlining special public corporations has become a focal point of administrative reform. Commenting on this issue at a news conference on the morning of 6 February, Chief Cabinet Secretary Kozo Igarashi stressed that there will be no change in the government's plan to have its ministries and agencies submit their respective final plans for streamlining by 10 February.

The argument is now surfacing within the government and ruling parties that the streamlining of a few special public corporations and government-invested financial organizations, including the Hanshin Expressway Public Corporation, that are now involved in the reconstruction of areas hit by the Great Hanshin Earthquake, should be postponed. Commenting on the argument, the government spokesman said: "A few special public corporations are now involved in the reconstruction of quake-hit areas. Government ministries and agencies are now

working on their respective final plans while agonizing over how to deal with those special public corporations that are engaged in the reconstruction of quake-hit areas. Nonetheless, the final plans will be drawn up by 10 February as planned." He also added, "Management and Coordination Agency Director General Yamaguchi is now urging cabinet ministers to display their leadership and do their utmost to have the final plans drawn up by 10 February." He also indicated that cabinet ministers will fully discuss the final plans before they are submitted to the government on 10 February.

Referring to what steps will be taken after 10 February, Igarashi said, "Upon receiving the final plans from ministries and agencies, the cabinet will decide on what to do with them." In this way, he suggested that the government will make a certain political decision when it approves the final plans.

Company To Develop Antilock Brake Technology

OW0702091495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Feb 95 Morning Edition p 11

[FBIS Translated Text] Akebono Brake Industry Company, Ltd. will strengthen its ABS (antilock brake system) project for automobiles. On 7 February, its ABS Project Promotion Office will be reorganized into an ABS Task Force charged with developing new basic ABS technology before the end of 1997.

At present, four companies in the United States and Europe, led by the U.S. company ITT Automotive, control basic ABS technology. Even Japanese ABS makers are affiliated with these four Western companies. Akebono intends to launch an offensive in ABS manufacturing, relying on its own technology.

Akebono currently supplies a small number of ABS components for trucks produced by Suzuki Motor Corporation and Hino Motors, Ltd. So far, its products have not been any better than those produced by other companies, and it has been difficult to expand production or make a profit. There have even been rumors in the brake industry that Akebono is retreating from the ABS business. However, a recent directors' meeting confirmed the continuation and reinforcement of the ABS project.

Previously, there were four technicians assigned fulltime and 12 assigned part-time to the ABS Project Promotion Office. All of them will now work full-time in the new ABS task force. Akebono plans to combine electronic technology and precision processing "to develop a totally new ABS technology, in order to begin marketing by the end of 1997." (according to President Hisataka Nobumoto)

ABS is a device for preventing skids caused by the locking of the tires (phenomenon wherein the tires fail to turn in the desired direction and go out of control even after the brakes are released) and shortening braking distance when the brakes are applied suddenly. Aside from ITT in the United States, the German company

Robert Bosch, the British Lucas Industries, and another U.S. company Kelsey-Hayes have the license for basic ABS technology. In Japan, around 20 percent of automobiles are equipped with ABS, and this percentage is expected to increase to 50 to 60 percent in models manufactured starting in 1997.

Since local ABS manufacturers are generally at par in terms of technology, competition in the domestic market focuses on price cutting. By developing its own technology, Akebono hopes to gain a competitive edge in areas other than prices.

North Korea

Ministry Spokesman on U.S. Human Rights Report

SK0802104495 Pyongyang KCNA in English 1034 GMT 8 Feb 95

["FM Spokesman on U.S. Distortion of Situation of Korea"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—The United States must clearly realise that it can never undermine the socialism of Korea where all the people are united in one mind, however hard it may try to impair the image of the DPRK over the "human rights problem."

A spokesman for the Foreign Ministry of the Democratic People's Republic of Korea made this remark in a statement today refuting the allegation of the U.S. State Department in its "annual report" on human rights on Feb. 1 that there is something like the "human rights problem" in the DPRK.

The "human rights problem" of the DPRK brought forward by the United States is a sheer distortion of the actual situation of Korea, the statement says, and continues:

The DPRK fully guarantees socio-political, economic and cultural rights to all the people.

Korean-style socialism is a man-centred society where the chuche idea is embodied and everything serves man.

In our society where the idea of "believing in the people as in heaven" and benevolent politics are applied, all the people are true masters of the state and society and they live an independent and creative life without any worries about their future, none of them subject to discrimination.

In the DPRK, there is no socio-political unrest. no jobless person, vagabond, illiterate or drug addict.

As seen above, in the DPRK the human rights of all the people are firmly guaranteed by law and in actuality and are exercised and enjoyed. Vilifying the DPRK is a foolish attempt to isolate and stifle it.

We resolutely denounce this attempt.

Human rights is an issue of the right to independence, the right to existence, the right to equality, the right to development and other rights that must be ensured to the people in society.

In this sense, it is proper to call the United States the worst graveyard of human rights and an international dictator.

Deep-rooted racial discrimination based on hatred for and contempt of humanity, a large army of the unemployed, deplorable health care and education, murder and violence and other evils that threaten the right to existence and lives are common there.

Moreover, the United States does not hesitate to infringe on the sovereignty of other nations, which means the height of human rights violation.

The United States mobilized its regular Armed Forces to violate the sovereignty of other countries including Panama and Grenada and devastated human rights there. It continues such acts.

Worst in the world is the human rights situation in South Korea now under the U.S. military occupation.

It is nobody's secret that the ceaseless human rights abuses in South Korea are committed under the aegis of the United States and with its connivance.

The South Korean authorities under the veil of "civilian government" arrest, torture and murder at random South Korean people of various social strata calling for freedom, democratic rights and right to live by invoking various fascist laws including the "National Security Law." Never a day passes without witnessing a terrible repressive campaign sweeping South Korea. The South Korean authorities have kept many people behind bars for 40 odd years for the reason that they have refused to be converted. And they commit such inhuman acts as persistently refusing to send Kim in so, Ham Se-hwan and other unconverted long-term prisoners back to their hometowns.

It is the height of impudence for the United States to charge others with the human rights problem, while engaging itself in human rights abuses at home and abroad.

The "human rights problem" with which the United States charged the DPRK in the "annual report", on the basis of self-flattering and groundless materials, is a product of a provocative political plot of some dishonest forces of the United States which have not yet abandoned their wicked intention to isolate and stifle the DPRK and of the invariable U.S. hostile policy toward the DPRK.

The United States had better behave itself and mind its own business, instead of impudently acting a "judge of human rights" and willfully taking issue with others.

Rejects U.S. Charges of Problem

SK0802104995 Pyongyang KCNA in English 1037 GMT 8 Feb 95

["FM Spokesman Rejects U.S. Charge Concerning "Human Rights Problem" of DPRK"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—The United States must clearly realise that it can never undermine the socialism of Korea where all the people are united in one mind, however, hard it may try to impair the image of the Democratic People's Republic of Korea over the "human rights problem," says a spokesman for the DPRK Foreign Ministry.

In a statement released today the spokesman said the "human rights problem" of the DPRK brought forward by the U.S. State Department in the "annual report" is a product of a provocative political plot of some dishonest forces of the United States and the U.S. hostile policy toward the DPRK.

It, a sheer distortion of the actual situation of the DPRK, is not a matter for serious argument in view of the human rights, he said.

In our country where the idea of "believing in the people as in heaven" and benevolent politics are applied, there is no socio- political unrest, no jobless person, vagabond, illiterate or drug addict, he said, and continued:

It is the height of impudence for the United States to charge others with the human rights problem. It had better behave itself and mind its own business, instead of impudently acting a "judge of human rights" and willfully taking issue with others.

Agreed Framework, N-S Talks 'Separate Matters' SK0802150695 Pyongyang Korean Central

SK0802150695 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 8 Feb 95

[Commentary by Kim Ho-sam: "Implementing the DPRK-U.S. Agreed Framework and North-South Dialogue Are Separate Matters"]

[FBIS Translated Text] According to reports, remarks that complicate the implementation of the DPRK-U.S. agreed framework are continuously uttered in the U.S. Congress. Examples are the remarks that North-South dialogue is indispensable [pilsujogiranuni] if the DPRK-U.S. agreed framework is to be implemented smoothly and that improving DPRK-U.S. relations and resuming North-South dialogue must be sought at the same time.

This contention by the hard-line conservatives of the United States is a very harmful, not beneficial, act that merely poses obstacles [nangwanman chojanghanun paekhae muikhan haengdong imnida] to the DPRK-U.S. agreed framework, which was provided after a long lapse of time in the history of DPRK-U.S. relations and which is being implemented well.

Implementing the DPRK-U.S. agreed framework and North-South dialogue are completely separate matters. All the DPRK and the United States have to do is sincerely implement the DPRK-U.S. agreed framework in the spirit of the framework just like they solemnly promised and proclaimed at home and abroad in October last year.

Considering the course of developments so far, we should say that both the DPRK and the United States have been implementing the agreement sincerely. As it promised in the agreement, our Republic has already frozen the operation of our nuclear facilities [haeksisoldurui kadongul imi tonggyol haekko] and is smoothly solving the problem of storing and disposing of the spent fuel of graphite-moderated reactors while holding negotiations with U.S. experts in a sincere and cooperative spirit. And, as for the light- water reactor project, negotiations are now being continuously held in Berlin.

As pointed out in the DPRK-U.S. agreement, we will completely dismantle [wanjonhui haechehal kossimnida] the graphite-moderated reactors and related facilities when the light-water reactor project is completely carried out.

The United States correctly supplied [chonghwakhui nabiphaekko] 50,000 tonnes of heavy oil to us on the date pointed out in the agreement, and the U.S. President again confirmed his will to implement the agreed framework.

However, at such a time, the U.S. hard-line conservatives stated it is indispensable to resume North-South dialogue, which has nothing to do with the implementation of the DPRK-U.S. agreement. This is an act that pours cold water upon the development of DPRK-U.S. relations. We should assume an insidious attempt [pulsunhan kido] is hidden in their action. This cannot be construed otherwise than an attempt to build obstacles by again putting a brake [tasigum chedongul koroso nangwanul chosongharyonun] on the implementation of the DPRK-U.S. agreement.

The U.S. hard-line conservatives should not dance to someone else's tune. As known, the South Korean authorities, after insisting North-South dialogue is indispensable for the supply of light-water reactors, sent even the puppet foreign minister to the United States on 4 February and conducted entreaty diplomacy [chongtak oegyo] to beg for North-South dialogue.

For the United States to dance to the tune of those fellows is unbecoming [kyoge oullijiannun]. They should know that such an action completely damages [tongchero chweborilsu] in the long run an already reaped fruit called the agreement.

North-South dialogue is the Korean nation's internal problem which must be discussed and solved, above all [odi kkajina], by the North and South of the Korean peninsula. There is no justification for someone else's involvement in this matter.

An attempt to link North-South dialogue to the implementation of the DPRK-U.S. agreement is an utterly unreasonable act [saeng okchi] and an act that can be committed by those who habitually interfere in someone else's internal affairs. This is a self- righteous act [toksonjok haengdong] like unnecessarily meddling into someone else's affairs.

Our principled position on North-South dialogue has not changed and is consistent. As pointed out in the DPRK-U.S. agreement, we insist on holding North-South dialogue depending on the promotion of an atmosphere favorable to dialogue [taehwarul tomohanun punwigiga chosongdoenunde ttaraso pungnam taehwarul hajanun kossimnida].

Then, how is the situation in South Korea? Far from promoting an atmosphere for dialogue, South Korea is continuously promoting a diametrically opposite situation. Even though they committed the antipopular grave crime against the nation, an unprecedented act in history, the South Korean rulers, instead of apologizing for the crime, are rather engaging in confrontation with the North. Also, they have not abolished yet the National Security Law, which defines u as an enemy, and have been continuously arrested and imprisoned patriotic people for reunification under this law.

It is self-evident that no North-South dialogue can be held under these circumstances, and the U.S. hard-line conservatives, no doubt, knew this. Then, why are they trying to unreasonably link the implementation of the DPRK-U.S. agreement to North-South dialogue? In essence, they aim to overturn [twijibo oppuryonun] the DPRK-U.S. agreed framework.

The U.S. hard-line conservatives should know that if they build only obstacles to implementing the DPRK-U.S. agreement, this will eventually endanger [witaerop-kehandanun] the destiny of the DPRK-U.S. agreed framework. This will not be beneficial to the United States itself, either.

The DPRK and the United States are now verifying in practice the implementation of the agreement in detail [chigum habuimun ihaengul silchonul tonghaeso hana hana komjung hagoissumnida].

If the United States truly and sincerely implements the agreement, we will do so, too, and if the United States does not, we will not, either [migugi chinsillo habuimunul songsirhui ihaeng hamyonun urido kuroke halgosigo migugi kuroke hajianumyonun urido kuroke halgossimnida].

After squarely seeing the reality of the Korean peninsula, the United States should better not commit acts that pose obstacles to implementing the agreement [migugun choson pandoui hyonsirul parobogo habuimun ihaenge kollimdori toenun irul haji annungosi joul kossimnida]. We will watch the future action of the United States [urinun migugui chahu haengdongul chikyo polgossimnida].

CPRF Says ROK Hindering North-U.S. Talks

SK0802043395 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 7 Feb 95

[FBIS Translated Text] On 7 February, a spokesman for the Committee for the Peaceful Reunification of the Fatherland [CPRF] answered the questions raised by a reporter of the Korean Central News Agency [KCNA] on the commotion created by the mendicant diplomacy [chongtak oegyo] being carried out recently by the South Korean authorities concerning the resumption of North-South dialogue.

The answers are as follows: Entering the new year, the South Korean authorities gave rise to public opinion that North-South dialogue is essential for the so-called support of light-water reactors, linking the implementation of the DPRK-U.S. framework agreement with the resumption of North-South dialogue. Following this, they carried out a mendicant diplomacy to beg for the resumption of North-South dialogue, sending their foreign minister to the United States on 4 February.

The North-South issue is, all in all, the nation's domestic issue. It is not an issue to ask others to help with, nor is it a problem that can be solved by asking others.

Furthermore, North-South dialogue is not an issue that will be realized if someone else instigates it, nor will it be realized if others do not instigate it.

If a good atmosphere is created for dialogue, North-South dialogue can be resumed at any time. Our position and attitude on North-South dialogue has not changed.

It is our consistent position to resolve impending issues between North and South Korea through dialogue, and to independently resolve the issue of national reunification.

Proceeding from this, we have made all possible efforts to make North-South dialogue fruitful and to widen the scope of dialogue. Moreover, even under today's situation, in which North-South dialogue is totally ruptured due to the South Korean authorities, we proposed a grand reunification festival of the North, South, and overseas Koreans to celebrate the 50th anniversary of national liberation, prompted by a desire to provide at any cost conditions favorable to dialogue. We took the constructive and epoch-making step of proposing bilateral and multilateral contacts to realize this festival.

Nevertheless, the South Korean authorities ignored the just proposal of their fellow countrymen to provide a good atmosphere for dialogue. Instead, they are attempting to resolve the issue of dialogue between fellow countrymen by asking others for help. This is itself an antinational act which can be perpetrated only by the nation-selling flunkeyists who are totally engrossed with the chronic idea of reliance on outside forces, recklessly begging others without knowing how to resolve the problem.

The racket of asking for North-South dialogue kicked off by the South Korean authorities is prompted by an insidious aim to apply the brakes at any cost on the implementation of the progressing DPRK-U.S. framework agreement, and not by the desire to hold dialogue with us.

This shows there is no change whatsoever in the antinational and antireunification policy of the Kim Yong-sam group, which only pursues confrontation, going counter to the nation's aspiration for dialogue and unity between fellow countrymen.

How the Kim Yong-sam group viciously and frantically disturbed the DPRK-U.S. talks by saying only sanctions can solve the problem, then by stressing practical sanctions rather than symbolic sanctions, is already well known to the world's people.

Whining that progress should not be made in the DPRK-U.S. talks if no progress is made in North-South relations, the Kim Yong-sam ring, which is reluctant about the DPRK-U.S. talks, from the beginning abused the North-South dialogue as a main means of attempting to rupture the DPRK-U.S. talks, and thus, has brought North-South dialogue to a complete rupture after all. The Kim Yong-sam ring, which viciously hindered the DPRK-U.S. talks, babbling that the United States should not compromise in its negotiations with the North and the like, and which later went so far as to yammer at the United States and denounce it for being foolish, is now begging the United States on the North-South issue; this is indeed prosperous.

In a nutshell, the act of the Kim Yong-sam ring's previous so-called diplomatic and security team, which prowled about in an attempt to rupture the DPRK-U.S. talks by clinging to an international cooperation system, and the present diplomatic and security team's attempt today to realize North-South dialogue on the strength of outside forces, are all the same flunkeyist and treacherous act.

Such an antinational, flunkeyist, and treacherous act by the Kim Yong-sam ring proves it still nurses foolish delusions to thwart the implementation of the DPRK-U.S. agreed framework by inventing a new excuse, even though the agreed framework has entered a stage of implementation.

The Kim Yong-sam ring should not forget the bitterness of the anachronistic, flunkeyist diplomacy of yesterday which it tasted after experiencing the status of "a dog looking up at the roof where a rooster, which it has just run after. has jumped over," all the while viciously scheming to delay the DPRK-U.S. talks and rupture them.

The patriotic and conscious people of the nation already have regarded the Kim Yong-sam ring as a thorn in the flesh which cannot be stuck into the nation, and which must be eliminated. We know the bitter situation of the Kim Yong-sam ring, which cannot maintain life without clinging to outside forces. However, in connection with the Kim Yong-sam ring's act of begging others regarding

North-South dialogue and of kicking up a commotion by linking it with the implementation of the DPRK-U.S. agreed framework, all the while renouncing its national dignity and honor, we cannot but present to it again the right prescription [chokchunghan chobang].

North-South dialogue is possible at any time when an atmosphere is created. The problem is, the South Korean authorities should fulfill the unavoidable responsibility for creating an atmosphere for dialogue at the earliest possible date [haroppalli].

If the South Korean authorities have the sincere will to resume dialogue, they should not prowl about and beg for others who are far away, but will first apologize for the antihuman acts they committed. At the same time, they should abolish the antidialogue, antireunification, vicious laws such as the National Security Law, which defines fellow countrymen as enemies and which regards contact and dialogue with fellow countrymen as a crime. Thus, they should show their sincere attitude through actual deeds.

Whether North-South dialogue is resumed entirely depends on the attitude of the South Korean authorities.

In conclusion, in the recent joint meeting of political parties and public organizations of the DPRK, the spokesman stressed that we take useful and practical measures for creating an atmosphere for North-South dialogue; therefore, the South Korean authorities should stop all acts of hindering the implementation of the great festival for reunification of the North, South, and overseas on the occasion of the 50th anniversary of national liberation.

CPRF: N-S Dialogue Issue Depends on ROK

SK0802052295 Pyongyang KCNA in English 0512 GMT 8 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—The spokesman of the Committee for the Peaceful Reunification of the Fatherland [CPRF] made clear the position of the Democratic People's Republic of Korea concerning the inter-Korean dialogue, saying it can be resumed any time when a favourable climate is created, and whether it is reopened or not depends entirely on the attitude of the South Korean authorities.

Answering a question put by KCNA Tuesday [7 February] as regards the South Korean authorities' "solicitation diplomacy" for the resumption of the inter-Korean dialogue, the spokesman said:

North-South dialogue is a domestic issue of the nation which does not need solicitation and which cannot be solved by it.

It is not an issue which has not been resolved for the lack of other's encouragement and which can be resolved by such a thing.

Our position concerning North-South dialogue remains unchanged. It is our consistent position to solve the

urgent issues between the North and the South through dialogue and resolve the national reunification question independently.

In the hope of creating conditions favorable for dialogue at any cost at a time when all the North-South dialogues have been brought to a collapse by the South Korean authorities, we recently took a constructive and epochmaking measure. We initiated a grand reunification festival of the compatriots in the North, the South and overseas celebrating the 50th anniversary of the country's liberation and proposed bilateral and multilateral contacts to this end.

Nevertheless, the South Korean authorities are trying to solve the issue of dialogue between the fellow countrymen with other's help, while turning down the just proposal of the North. This is an anti-national act which can be done only by flunkeyist traitors adamant in their dependence on outside forces.

Their "solicitation for North-South dialogue" is motivated not by an intention to have dialogue with the North but by a sinister attempt to balk at the implementation of the framework agreement between the DPRK and the United States now in progress.

Recalling that the Kim Yong-sam group abused the North-South dialogue as a main means of breaking up the DPRK-U.S. talks and, finally, brought the North-South dialogues to a rupture, the spokesman said:

Since the Kim Yong-sam group is seeking other's help as regards "North-South dialogue," connecting it with the implementation of the DPRK-U.S. framework agreement, we cannot but write out a proper prescription again to it.

North-South dialogue is possible any time when the climate for it is created.

The point is that the South Korean authorities should promptly discharge their unavoidable obligation to create an atmosphere of dialogue.

If the South Korean authorities truly want to resume the dialogue, they must, first of all, apologize to the fellow countrymen in the North for their anti-ethical acts, instead of entreating far-off foreign countries for help.

They must also show their sincere attitude towards dialogue by abolishing such an anti-dialogue, antireunification law as the "National Security Law" which defines the fellow countrymen in the North as the "enemy" and criminalizes any contact and dialogue between the fellow countrymen in the North and the South.

Since we took a practical measure favourable for the creation of an atmosphere of North-South dialogue at a recent joint meeting of the political parties and organizations of the DPRK, the South Korean authorities must refrain from any act obstructive to the successful holding of the grand reunification festival of the compatriots in

the North, the South and overseas celebrating the 50th anniversary of national liberation.

ROK 'Army Bandits' Inciting War Atmosphere SK0802045495 Pyongyang KCNA in English 0445 GMT 8 Feb 95

["Rifle-Firing in DMZ"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—Scores of South Korean puppet army bandits fired more than 30 machinegun and automatic rifle bullets in the Demilitarized Zone [DMZ] of the central sector of the front on February 6, inciting an atmosphere of war, military sources said.

The puppets introduced 12.7mm large-calibre machine guns and over 100 armed bandits into different places of the DMZ of the western and central sectors of the front on Feb. 5 and 6 and rashly swayed machine guns and automatic rifles toward the North side, threatening the personal safety of soldiers of the People's Army.

The continued military provocations of the Kim Yongsam fascist clique are a deliberate and premeditated attempt to lead the situation in the DMZ to a dangerous phase.

Paper Criticizes ROK's National Security Law SK0802101495 Pyongyang KCNA in English 1001 GMT 8 Feb 95

["Challenge To Demand of People"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—The South Korean puppet administration recently cried that the "National Security Law" is "the least mechanism" for "the protection of the system" today when "the North and the South are still in confrontation". Commenting on this, MINJU CHOSON today charges that this openly reveals their ulterior intention to maintain the notorious fascist law and keep using it as a tool for North-South confrontation and suppression of the people.

The analyst says:

The "National Security Law" of South Korea is the worst law, which defines the political parties and organisations in the northern half of Korea as "an anti-state organisation" and the people there as "members of the anti-state organisation" and is used to block the contact and travel between the North and South and clear South Korea of pro-reunification democratic forces.

The law which can be interpreted as one likes should have been scrapped long ago for its reactionary and hideous nature without parallel in history.

Today broad segments of the world people, not to speak of the South Korean people, are strongly demanding the abolition of the law. The Kim Yong-sam group, however, is desperately trying to keep it. This betrays their ulterior intention to continue committing fascist atrocities and anti-national crimes, inciting North-South confrontation and obstructing reunification in the years ahead.

The Kim Yong-sam regime under the "civilian" mask is a fascist regime and a heinous anti-reunification, separatist regime far outdistancing the preceding dictators.

By maintaining the "National Security Law", the Kim Yong-sam group seeks to stifle the patriotic proreunification democratic forces and perpetuate the division of the nation and thus prolong the days of its power. But this is a mistake.

The Kim Yong-sam group must immediately scrap the "National Security Law", an evil law, as demanded by the people.

Koreans in China Support Joint Meeting Appeal SK0802051395 Pyongyang KCNA in English 0448 GMT 8 Feb 95

["Pomminnyon Headquarters of Koreans in China Calls for Patriotic Movement for Reunification"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—A spokesman for the headquarters of the Koreans in China of the National Alliance for the Country's Reunification (Pomminnyon) on February 2 made public a statement supporting the appeal to the political parties, organisations and Koreans of all social strata in South Korea and overseas which was adopted at a joint meeting of the political parties and organisations of the Democratic People's Republic of Korea.

The statement said that to confirm the way of the national reunification common to the nation at the present time is a most urgent task of the national history.

It stressed: The headquarters of the Koreans in China of Pomminnyon will make every possible effort to successfully hold a historical grand reunification festival and a grand national conference on August 15 this year, which will give a new hope to the fellow countrymen desirous of reunification, under the wise guidance of the great leader General Kim Chong-il, the lodestar of national reunification, upholding the behests of the great leader President Kim Il-song on achieving the cause of reunification in the 90s.

Letters Sent to ROK Groups Urging Celebration SK0802051495 Pyongyang KCNA in English 0457 GMT 8 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—Chu Song-il, chairman of the Central Committee of the General Federation of Trade Unions of Korea, Kang Kwan-son, secretary of the Central Committee of the Korean Democratic Women's Union, Choe Yong-sam, first vice-chairman of the Central Committee

of the Korean Journalists Union, Chairman Kang Yongsop and Secretary Yi Chon-min of the Central Committee of the Korean Christian Federation, the Korean Religionists Council and Nam Sun-! ai, chairperson of the Central Committee of the Trade Union of Educational and Cultural Workers of Korea, sent letters on February 7 respectively to Kwon Yong-kil, chairman of the National Federation of Trade Unions of South Korea, Im Myong-sun, chairperson of the South Korean Women's Society, An Chae-hwi, chairman of the South Korean Journalists Association, Chairman O Chong-il and Secretary General Kim Tong-hwan of the National Council of Christian Churches of South Korea, Ham Se-ung, co-chairman of the Religionists Council for National Reconciliation and Reunification of South Korea, and Chong Hae-suk, chairperson of the National Teachers Union of South Korea, as regards the recent joint meeting of the political parties and organisations of the Democratic People's Republic of Korea.

The letters said that the proposal for jointly celebrating the 50th anniversary of national liberation and convening a grand national conference which was made by the joint meeting of the political parties and organisations of the North is a just step which conforms with the desire and aspiration of the fellow countrymen for reunification. They courteously proposed to have contacts between the representatives of different organisations in the North and the South in Panmunjom or other reasonable places at an early date.

Japanese Group Supports Appeal of Joint Meeting

SK0802050095 Pyongyang KCNA in English 0452 GMT 8 Feb 95

[FBIS Transcribed Text] Tokyo, February 6 [date as received] (KNS-KCNA)—Om Chang-bom, director of the Federation of Korean Traders and Industrialists in Japan, published a statement on February 6 supporting the appeal of a joint meeting of the political parties and organisations of the Democratic People's Republic of Korea.

The appeal of the joint meeting which was published on January 24 proposed to compatriots at home and abroad to jointly celebrate the 50th anniversary of the national liberation in Panmunjom and to representatives of all parties, groupings and all strata in the North, the South and abroad to gather in one place and hold a grand national conference to discuss and confirm the common way of national reunification.

Om Chang-bom in his statement said that the appeal of the joint meeting is a timely, fair and patriotic initiative.

He said he would bring the appeal of the joint meeting home to the compatriots under "Mindan" who are sharing the pains of national division in an alien land and make them actively turn out in the work for its realization. He laid emphasis on thoroughly checking and frustrating the moves of the South Korean authorities against the nation's grand march for reunification and waging a powerful struggle to scrap the "National Security Law" which is contrary to reunification.

Delegation of Japanese Wrestlers Arrives 7 Feb

SK0802004695 Pyongyang KCNA in English 2232 GMT 7 Feb 95

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—A delegation of the New Japan Professional Wrestling Co., Ltd., led by Kanji Inoki, leader on the Sports Peace Party of Japan, member of the House of Councillors and the world's professional wrestling king, arrived here today for the Pyongyang International Sports and Cultural Festival for Peace.

The delegation was met at the airport by Yi Chong-hyok, vice- chairman of the Korean Asia-Pacific Peace Committee, and Kim Kwan- chol, vice-chairman of the State Physical Culture and Sports Commission and director of the Secretariat of the State Preparatory Committee for the Pyongyang International Sports and Cultural Festival for Peace.

Kanji Inoki had visited Pyongyang in September last year. Later, in December last year, a delegation of the New Japan Professional Wrestling Co., Ltd. headed by Katsushi Nagashima, chief of the planning section of the corporation, visited Korea.

During its stay in Korea, the Korean Asia-Pacific Peace Committee and the corporation adopted an agreement on jointly hosting an international sports and cultural festival in [word indistinct] toward the end of this year [words indistinct] in support of the State Physical Culture and Sports Commission of the Democratic People's Republic of Korea for the purpose of promoting peace in the Asia-Pacific region and friendship among its peoples and expanding and developing sports and cultural exchange.

Kim Yong-sun Meets Delegation

SK0802045095 Pyongyang KCNA in English 0439 GMT 8 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea, who is chairman of the Korean Asia-Pacific Peace Committee, met and had a friendly talk in Pyongyang on February 7 with the delegation of the New Japan Professional Wrestling Co., Ltd. led by Kanji Inoki, leader of the Sports Peace Party of Japan, member of the House of Councillors and president of the New Japan Professional Wrestling Co., Ltd., who paid a courtesy call on him.

The head of the delegation said that it is happy that the International Sports and Cultural Festival for Peace is to be held in Pyongyang thanks to the dear leader Comrade Kim Chong-il. He extended thanks to the dear leader.

Noting that he deemed it an honor to visit Korea on the occasion of the birthday of the dear leader Comrade Kim Chong-il, he wished him a long life in good health.

Kim Yong-sun Speaks at Reception

SK0802052895 Pyongyang KCNA in English 0502 GMT 8 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—The Korean Asia-Pacific Peace Committee gave a reception for the visiting delegation of the New Japan Professional Wrestling Co., Ltd. led by its President Kanji Inoki, who is leader of the Sports Peace Party and member of the House of Councillors of Japan, at Pyongyang Koryo Hotel on Tuesday.

Speaking at the reception, secretary of the C.C. [Central Committee], the Workers' Party of Korea Kim Yong-sun, who is chairman of the Korean Asia-Pacific Peace Committee, said: "The forthcoming Pyongyang International Sports and Cultural Festival for Peace which we are jointly preparing will not be a mere sports and cultural event but an important political festival contributing to peace in Asia and the rest of the world by promoting understanding and friendship among peoples."

"We are hastening necessary preparations to hold the festival on the highest level and the largest scale in conformity with the idea of independence, peace and friendship," he stated.

In his speech Kanji Inoki said: "I believe that the preparations for the Pyongyang International Sports and Cultural Festival for Peace slated for April will be successfully promoted in close cooperation."

He stressed that the festival would be held in a grand style under the wise guidance of the dear leader Comrade Kim Chong-il.

"I deem it an honor to visit Korea on the threshold of his birthday," Inoki said, wishing a long life in good health to Comrade Kim Chong-il.

President of Chinese University Arrives 7 Feb

SK0802110595 Pyongyang KCNA in English 1015 GMT 8 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—Feng Yuzhong, president of Liaoning University, China, and his party arrived here on February 7.

Yesterday the visitors laid a bouquet before the statue of the great leader President Kim Il-song on Mansu Hill and paid homage to him.

Finance Minister, Delegates Depart for Mongolia

SK0802003895 Pyongyang KCNA in English 2234 GMT 7 Feb 95

[FBIS Transcribed Text] February 8 (KCNA)—A delegation of the Korea-Mongolia Friendship Association led by Yun Ki-chong, minister of finance and chairman of the association, left here today by air for a visit to Mongolia.

It was seen off at the airport by the chairperson of the Committee for Cultural Relations With Foreign Countries Chon Pon-ok and Mongolian Ambassador to Korea Sharabyn Gungaadorj.

KSDP Delegation Arrives in Bangkok 31 Jan

SK0502103495 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 2 Feb 95

[FBIS Translated Text] On 31 January, the Korean Social Democratic Party [KSDP] delegation—led by Kim Pyong-sik, chairman of the Korean Social Democratic Party Central Committee—arrived in Bangkok, the capital of Thailand.

Bunphan Kaeowatthana, first deputy leader of Thailand's Social Action Party, and other functionaries concerned welcomed the delegation at the airport. Employees of the DPRK Embassy in Thailand were also on hand.

Kim Chong-il's Works Reportedly Studied Abroad

SK0802051195 Pyongyang KCNA in English 0432 GMT 8 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—Famous works of the great leader Comrade Kim Chong-il have been disseminated and studied in different countries.

A national seminar on "Socialism Is a Science", a work of Comrade Kim Chong-il, was held in Lima, Peru. on his birthday.

Jorge Raso Arrasco, chairman of the Peruvian National Association for the Study of the Chuche Idea, said in his report at the seminar:

The idea and theory laid down in the work is a rich mental pabulum which gives a firm conviction of the truth and invincibility of socialism as a science, shattering the anti-socialist sophism of the imperialists and reactionaries.

His idea and theory is a highly important guideline for all the progressive people to defend and advance the cause of socialism at the present time.

Angel Castro Lavarello, chairman of the national executive committee of the Left Revolutionary Union of Peru and chairman of the Peru-Korea Institute of Culture and Friendship, said in his speech:

Basing himself on the historical experience of the socialist movement, His Excellency Kim Chong-il elucidated the validity and truth of the idea that to strengthen the driving force and enhance its role is a guarantee for the victory of socialism.

This idea is an idea which makes it possible to triumphantly advance the popular masses' cause of independence, the cause of socialism, under any condition and a militant banner which leads the world's socialist movement to an upswing.

A seminar on the work was held at Moscow University of Russia under the sponsorship of the League of Scholars on Human Affairs in the Present World.

Prof. Alexandr Kovalyov, doctor of philosophy at Moscow University, in his speech said that this work is of great principled significance not only in Korea but in the international communist movement.

He said:

The work instills the conviction of socialism into the minds of hundreds of millions of the popular masses. Indeed, light shines from the east.

Comrade Kim Chong-il develops the theory on socialism centering on man.

The work is an immortal famous work covering politics, philosophy, sociology, party building and other fields.

Seminars, lectures and reading sessions on the work were sponsored by the Indian Society for the Study of Kim Chong-il's Works, the group for the study of the chuche idea of the Commercial College of Uganda, Delhi University of India and the literati and artiste branch of the Ghanaian National Institute of the Chuche Idea.

A seminar on the work "On the Fundamentals of Revolutionary Party Building" was held by the group for the study of the Kim Il-song-Kim Chong-il chuche idea in Vienna, Austria.

Further on Kim Chong-il Birthday Commemorations

More on 'Greatest Holiday' Decree

SK0802111895 Pyongyang KCNA in English 1022 GMT 8 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—The great leader President Kim Il-song, on February 7, 1992, endorsed a decree submitted by the Central People's Committee of the Democratic People's Republic of Korea on designating the 16th of February, the birthday of the great leader Comrade Kim Chong-il, as the greatest holiday of the nation.

But the decree was not published due to the repeated dissuasion of Comrade Kim Chong-il who is possessed of absolute loyalty and noble moral sense of duty to always hold only President Kim Il-song in high esteem, and his unbounded modesty.

This decree, which had been kept from promulgation, has been published with full consideration given to the intention of President Kim Il-song in his lifetime and the unanimous demand and earnest wish of the whole party,

the entire Army and all the people, to be enthusiastically hailed by working people from all walks of life.

Vice-minister of Post and Telecommunications Chang Pong-chin said:

The decree which had been left unpublished for the past three years, has now been promulgated. In this fact we keenly feel once more the greatness of respected Comrade Kim Chong-il, who is possessed of absolute loyalty and noble moral sense of duty to always hold only the fatherly leader in high esteem, and unbounded modesty.

"The distinguished character of the great leader Comrade Kim Chong-il as a great man is found in the fact that he regards loyalty to the fatherly leader President Kim Il-song as his absolute faith and noble conscience and morality."

The vice-minister expressed his resolution to work harder for the prosperity of our country and our motherland, in a way befitting soldier of the fatherly leader and respected Comrade Kim Chong-il.

Chief Secretary of the Songyo District, Pyongyang, Committee of the Workers' Party of Korea Choe In-tok said that history has recorded a host of emotional anecdotes about great men and great statesmen, but about no such a great man as respected Comrade Kim Chong-il who is rockfirm in faith, intelligent and unboundedly modest. "Reading the decree, which had been kept from promulgation for three years, we keenly felt once again that respected Comrade Kim Chong-il is the highest incarnation of noble virtues and modesty," he said.

Head of a workteam of the Pyongyang silk mill Kang Su-kyong said that noble moral sense of duty and unbounded modesty, shown by the great leader Comrade Kim Chong-il in holding the fatherly leader in high esteem with loyalty and filial piety, greatly inspire us to miracles and merits in production.

Works Published in Cuba, India

SK0802043695 Pyongyang KCNA in English 0424 GMT 8 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—The great leader Comrade Kim Chong-il's famous work "Socialism Is a Science" was published in booklet in Spanish by the Political Publishing House of Cuba on February 3 on the occasion of his birthday.

His famous work "Let Us Prepare the Young People Thoroughly as Reliable Successors to the Revolutionary Cause of Chuche" was published in booklet by the all India Indo-Korean Friendship Association on Feb. 1 on the occasion of his birthday.

The booklet says in the preface:

His excellency respected Kim Chong-il, the supreme leader of the Democratic People's Republic of Korea, has directed every possible effort to the strengthening of

the youth movement in Korea, always regarding the work amongst the young people as an important matter decisive of the prospect of the revolution and the future of the nation.

We deem it a great pleasure to publish in Hindu his famous work "Let Us Prepare the Young People Thoroughly as Reliable Successors to the Revolutionary Cause of Chuche" on the 53rd birthday of his excellency Kim Chong-il, the supreme leader of the Korean people, to help the readers have a deep understanding of his outstanding idea, theory and leadership exploits concerning the youth movement.

Celebrations in Foreign Countries

SK0802045795 Pyongyang KCNA in English 0437 GMT 8 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—Functions took place in different countries on the birthday of the great leader Comrade Kim Chong-il.

A celebration meeting was held in Belgrade, Yugoslavia, under the sponsorship of the Union of Progressive Literary Men of Yugoslavia.

Pointing to the feats performed by Comrade Kim Chong-il, Nikola Zivkovic [spelling of name as received], member of the leadership of the union, said in his speech at the meeting:

Comrade Kim Chong-il, comprehensively penetrating into the law governing the development of revolution, worked out the chuche-based strategy and tactics for the building of socialism in Korea and made sure that they have been fully realized.

Comrade Kim Chong-il has taken great interest in strengthening the party and enhancing its role and performed great feats in the building of the revolutionary Armed Forces.

Comrade Kim Chong-il enjoys absolute support from the people, and under his leadership the Korean people will invariably carry forward the cause started by the great leader Comrade Kim Il-song.

A celebration meeting took place in Dodoma region of Tanzania.

Celebration seminars were held by the Group for the Study of the Chuche Idea of the Industrial College in Lagos state, Nigeria, the Group for the Study of Works of Comrade Kim Chong-il in East Ruimveldt Gardens, Guyana, and at the building of the Anti-Fascist Union of Bulgaria.

A meeting of the Joint Preparatory Committee of the Uganda-DPRK Friendship Association and the Ugandan National Committee for the Study of the Chuche Idea for Celebrating the Birthday of the Great Leader Comrade Kim Chong-il was held in Kampala of Uganda.

Chang Chol, Kim Ki-nam at Exhibit

SK0802051295 Pyongyang KCNA in English 0443 GMT 8 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—"Image of Great Brilliant Commander", an art show celebrating February 16, opened in Pyongyang on the birthday of the great leader of our party and our people Comrade Kim Chong-il, the greatest holiday of the nation.

On display were Korean paintings "The great leader and the dear leader riding their horses on Mt. Paektu", "Korea, I will glorify thee" and "Let us achieve national reunification true to the intention of the leader" and oil paintings ""Supreme Commander General Kim Chongil among soldiers" and "These comrades are all heroes" and other kinds of paintings, more than 80 pieces of art works, which show the revolutionary activities and great personality of Comrade Kim Chong-il who is wisely organizing and leading the work of the party, the state and the army as a whole.

An opening ceremony was held on February 7.

Present there were Kim Ki-nam, secretary of the Central Committee of the Workers' Party of Korea, Chang Chol, vice-premier of the Administration Council and minister of culture and art, officials concerned and working people.

Gift From Egyptian Party Leader

SK0802051095 Pyongyang KCNA in English 0415 GMT 8 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—Youssef Amin Wali, general secretary of the Egyptian National Democratic Party, presented a gift to the great leader Comrade Kim Chong-il on his birthday.

The gift was handed to the Korean ambassador to Egypt on Feb. 5.

Kim Chong-il Inspects Coastal Artillery Unit

SK0802000595 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 7 Feb 95

[FBIS Translated Text] Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], inspected a women's coastal artillery company [yosong haeanpo chungdae].

Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, who is chairman of the DPRK National Defense Commission and KPA supreme commander, on 5 February inspected the woman coastal artillery company of the KPA 291st Unit, the foremost frontline unit safeguarding the nation's gateway.

The respected supreme commander Comrade Kim Chong-il arrived at the unit at 0930 A.M. [0030 GMT 5 February].

Comrade Kim Chong-il, the supreme commander of the KPA, was greeted on the spot by Generals Yi Ha-il, Yi Pong-won, and Kim Yong-kuk, members of the Central Military Commission of the Workers' Party of Korea [WPK]; Colonel Generals Kim Ha-kyu, Pak Chae-kyong, and Chong Ho-kyun of the KPA; generals, officers, commanders of the units and political functionaries.

Amid shouting of the slogans "Let us fight for the respected supreme commander General Kim Chong-il by dedicating our lives!" and "One-a-match-for-100," and the acclamation of "hurrah!," the women soldiers of the coastal artillery company presented a bunch of fragrant flowers to the supreme commander Comrade Kim Chong-il, which contained boundless admiration and a sense of the aspirations of all officers and men of the KPA and women coastal artillery soldiers.

Comrade Kim Chong-il went to the company's artillery position to which the great leader Comrade Kim Il-song gave on-the-spot guidance on 21 March 1972, and saw the combat training of the women coastal artillery soldiers.

Comrade Kim Chong-il expressed great satisfaction with the fact that women artillery soldiers of the company constantly strengthened combat training by upholding the great leader Comrade Kim Il-song's on-the-spot guidance under difficult conditions of the coast, and have been fostered as one-is-a-match-for-100, and oneis-a-match-for-1000 armed forces who can smash in a flash any type of invasion by the enemy.

In the place which the great leader [suryongnim] visited, Comrade Kim Chong-il gave as gifts to women artillery soldiers field glasses on which the name of the great leader Comrade Kim Il-song was respectfully engraved.

Comrade Kim Chong-il toured the company's indoctrination room and saw the commemorative picture in which the fatherly leader posed for women coastal artillery soldiers. He had a comprehension of the status of soldiers' political and ideological education, and expounded important tasks for strengthening ideological indoctrination work within the military.

Comrade Kim Chong-il dropped in the dinning room of the women's company and personally opened a pantry chest in the kitchen, understanding the processing of subsidiary food and supplying of foodstuff. He ordered commanders of the military units to warmly take care of the dietary life of women soldiers.

Comrade Kim Chong-il saw the training of emptyhanded self-defense by women soldiers of the company and went to a barracks.

Comrade Kim Chong-il checked the heating status of the room, personally opened the soldiers' wardrobe, and had a concrete comprehension of the situation of the life of women soldiers.

Comrade Kim Chong-il saw a performance of the company's art troupe in the barracks, along with core members who accompanied him. Various art pieces—including the chorus "I never forget," the part song "The Song of Women Coastal Artillery Soldiers," the duet "I Now Know," and the quartet "Our General Is the Best"—vividly reflected the emotion of the glorious days when the fatherly leader visited the company, the lofty sense of loyalty to the respected General Kim Chong-il, and the merry and optimistic life of the women artillery soldiers.

Comrade Kim Chong-il saw the performance of the company's art troupe amid deep emotion and sentiments, highly praising that the company's cultural standard is very impressive. He then put forward tasks for developing art circles within the military.

Comrade Kim Chong-il presented automatic rifles to commanders of the company as gifts.

That day, Comrade Kim Chong-il posed for a picture with the coastal women artillery soldiers of the company.

All women soldiers of the coastal artillery company cannot repress great joy and emotion over the fact that the respected supreme commander Comrade Kim Chong-il, whom they yearned after even in their dreams, personally visited the foremost frontline coastal artillery company despite the rough route of fierce waves; that he personally understood the status of combat and political training as well as the situation of life in the company that developed by following the same route which the fatherly leader took; and that he elucidated the road for the women coastal artillery company to advance along. They are filled with a firm determination to defend the gateway of the fatherland by dedicating their lives by upholding the militant tasks put forward by the respected supreme commander General Kim Chong-il.

Notes 'Satisfaction' With Training

SK0702234595 Pyongyang KCNA in English 2142 GMT 7 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], on February 5 inspected a women's coast artillery company of the KPA Unit 291, a forefront unit defending the gateway of the homeland.

Comrade Kim Chong-il saw the combat training of coast artillery women at the gun position of the company which the great leader President Kim Il-song guided on the spot on March 21, 1972.

Comrade Kim Chong-il emised [as received] deep satisfaction with the fact that the artillery women of the company had grown to be one-match-for-a-hundred, nay, one-match-for-a-thousand soldiers capable of smashing any form of enemy intrusion at one stroke.

Comrade Kim Chong-il gave a pair of field-glasses inscribed with the august name of President Kim Il-song as a souvenir to women gunners in the emplacement which had been visited by the great leader.

In the education room of the company, he saw the souvenir picture President Kim Il-song had posed for with artillery women and acquainted himself with political and ideological education of the soldiers. And he set forth important tasks arising in strengthening the ideological education within the army.

Comrade Kim Chong-il saw the training of the women soldiers of the company in martial arts and awarded automatic rifles to the company commanders as souvenirs.

He also dropped in at the dining room and the barracks of the company, taking warm care of the soldiers' life.

He saw a performance by the company's art circle members, together with the cadres accompanying him.

He highly praised the cultural standard of the company. He set forth tasks to develop the art circles within the army.

He had a souvenir picture taken with the coast artillery women of the company.

Soldiers 'Overwhelmed With Joy'

SK0702233895 Pyongyang KCNA in English 2137 GMT 7 Feb 95

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—The great leader of our party and our people Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army [KPA], on February 5 inspected a women's coast artillery company of the KPA Unit 291, a forefront unit defending the gateway of the homeland.

He was greeted at the unit by Generals Yi Ha-il, Yi Pong-won and Kim Myong-kuk, members of the Central Military Commission of the Workers' Party of Korea, Colonel Generals Kim Ha-kyu, Pak Chae-kyong and Chong Ho-kyun and other generals and officers of the KPA and the commanders and political officers of the unit.

While the shouts "Let us lay down our lives for respected supreme commander General Kim Chong-il" and "One match for a hundred" and cheers of "hurrah" burst forth, women soldiers of the coast artillery company presented fragrant flowers to Comrade Kim Chong- il, representing the deep respect and reverence of the entire officers and men of the Korean People's Army including the coast artillery women.

Comrade Kim Chong-il saw the combat training of coast artillery women at the gun position of the company which the great leader President Kim Il-song guided on the spot on March 21, 1972.

Comrade Kim Chong-il expressed deep satisfaction with the fact that the artillery women of the company had constantly strengthened their combat training under the difficult conditions of the coast, in hearty response to the on-the-spot instructions of President Kim Il-song and grown to be one-match-for-a-hundred, nay, onematch-for-a-thousand soldiers capable of smashing any form of enemy intrusion at one stroke.

Comrade Kim Chong-il gave a pair of field-glasses inscribed with the august name of President Kim Il-song as a souvenir to women gunners in the emplacement which had been visited by the great leader.

In the education room of the company, he saw the souvenir picture the fatherly leader had posed for with artillery women and acquainted himself with political and ideological education of the soldiers. And he set forth important tasks arising in strengthening the ideological education within the army.

In the dining room of the women's company, he opened the window of the cupboard of the kitchen and acquainted himself with the processing of subsidiary foodstuffs and the supply of food. And he instructed the commanders of the unit to take good care of the dietary life of women soldiers.

Comrade Kim Chong-il saw the training of the women soldiers of the company in martial arts and then went to their barracks.

He asked about the heating of the rooms and deeply acquainted himself with their life, personally opening the soldiers' personal boxes.

In the barracks he saw a performance by the company's art circle members, together with the cadres accompanying him.

The art pieces including the chorus "I Don't Forget", the group singing "Song of Coast Artillery Women", the vocal duet "I Know It Now" and the vocal quartet "Our General Is Best" vividly represented their emotional recollection of the unforgettable glorious day when the fatherly leader visited the company, their intensive loyalty to respected General Kim Chong-il and the cheerful and optimistic life of the artillery women.

Comrade Kim Chong-il appreciated the performance with deep emotion and excitement and highly praised the cultural standard of the company. He set forth tasks to develop the art circles within the army.

He awarded automatic rifles to the company commanders as souvenirs.

He had a souvenir picture taken with the coast artillery women of the company.

All the women soldiers of the coast artillery company were overwhelmed with joy and emotion at the fact that the respected supreme commander Comrade Kim Chong-il, whom they had longed to see even in dreams visited the coast artillery company on the forefront, not minding the rough path through high waves, personally acquainted himself with the combat and political training of the company and soldiers' life, following the course covered by the fatherly leader President Kim

il-song, and clearly indicated the road to be followed by me women's coast artillery company. And they were filled with the determination to defend the gateway of the motherland with their lives, in hearty response to the militant tasks given by General Kim Chong-il.

Kim Chong-il Sends Birthday Table to Centenarian

SK0802044595 Pyongyang KCNA in English 0417 GMT 8 Feb 95

[FBIS Transcribed Text] Pyongyang, February 8 (KCNA)—The great leader Comrade Kim Chong-il sent a birthday table to Yi Ok- kun, a centenarian in Yusangtong No. 1, Sinuiju city, North Pyongan Province.

The table was handed to the old woman on Feb. 5.

She was born into a poor peasant family in Yongchon County, North Pyongan Province, in 1895. It was not until the liberation of the country from the colonial rule of Japanese imperialism that she could fully enjoy a happy life as a dignified member of the nation.

She took an active part in the building of a new country and sincerely assisted the People's Army during the fatherland liberation war.

She did a lot of things helpful to the implementation of the party's agricultural policy.

In the Democratic People's Republic of Korea, the life expectancy of people is 74.5 years under the free medical care.

Anniversary of Chongsan-ri Spirit Commemorated

SK0702233195 Pyongyang KCNA in English 2228 GMT 7 Feb 95

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—A national meeting was held here today upon the lapse of 35 years since the great leader President Kim Il-song created the Chongsan-ri spirit and the Chongsan-ri method.

Spirit and method are a communist guiding idea concerning the leadership of the masses and a communist guiding method which adopted as their model the anti-Japanese guerrilla method of work run through with the immortal chuche idea and the revolutionary mass line based on it and put it into a concrete form and developed it in keeping with the new situation of socialist construction.

In February 1960, President Kim Il-song went to Chongsan-ri, Kangso County, South Pyongan Province, (now Chongsan-ri, Kangso District, Nampo Municipality) and created the Chongsan-ri spirit and Chongsan-ri method while guiding the work of the village for fifteen days. Present at the meeting here today were and Pak Songchol, member of the Political Bureau of the Central Committee of the Workers' Party of Kore The participants in the meeting paid a moment's silent tribute to the memory of President Kim Il-song, who devoted his whole life to the development and prosperity of the country, the freedom and happiness of the people and the accomplishment of the cause of global independence.

In his report Hong Song-nam, alternate member of the Political Bureau on the C.C., the WPK and vice-premier of the Administration Council, said the creation of the spirit and method by the great leader Comrade Kim Il-song, who devoted his all to the people, regarding "believing in the people as in heaven" as his lifelong motto, as a historical event of weighty significance in the development of the Korean revolution and in the promotion of the Korean people's cause of socialist construction.

He noted that the spirit and method are a great guiding idea on the leadership of the masses and a great guiding method which the WPK has consistently maintained in the accomplishment of the socialist cause.

He quoted the great leader Comrade Kim Chong-il as saying: "Our party's traditional anti-Japanese guerrilla method of work has been embodied and improved in conformity with the new historic conditions of socialist construction, though the great Chongsan-ri spirit and method."

The reporter said:

The essential characteristics of the Chongsan-ri spirit and the Chongsan-ri method are that they are intended to solve everything in reliance on the strength and wisdom of the popular masses, with their interests put above anything else, closely unite them around the party and rear them to be more independent and creative beings.

The keynote of the method is that the higher organ helps the lower, the superior helps the inferior, officials always get first- hand knowledge of the actual conditions on the spot and find a proper solution, priority is given to the political work, the work among the people over all other work and the conscious enthusiasm and creativity of the masses are enlisted to fulfill revolutionary tasks.

The respected leader Comrade Kim Il-song established the Great Taean work system, the new agricultural guidance system and the scientific planning system, generalizing the experience he gained in his historical on-the-spot guidance at Chongsan-ri. In this way, he provided the most correct way of resolving the issue of guidance and management of the economy in a scientific and revolutionary way, in keeping with the nature of the socialist society and the demand of the development.

With a view to meeting the new demand of our developing revolution, Comrade Kim Chong-il formulated the revolutionary work method created by Comrade Kim Il-song as the work method of the great leader and gave a comprehensive exposition of its essence and contents. And he has wisely guided all the officials to go to the masses with knapsacks on their backs, work and live with

them under the slogan "Let us produce, study and live like the anti-Japanese guerrillas!" as the commanding officers of the Korean People's Revolutionary Army did in the period of the anti-Japanese armed struggle.

A great turn has been effected in the work of the people and state bodies and economic organs through efforts for applying the Chongsan-ri spirit and Chongsan-ri method, with the result that all the members of the society have become chuche-type revolutionaries unfailingly loyal to the party, the leader, the country and the people and our revolutionary units have been united closely as a socio-political organism on the basis of the chuche idea.

To adhere to the Chongsan-ri spirit and Chongsan-ri method and work and live as required by them is a noble and glorious undertaking to do every work in the revolution and construction as Comrade Kim Il-song did and steadfastly defend and glorify through generations his immortal revolutionary idea, precious feats of leadership and the blood of chuche provided by him.

The reporter elaborated on measures to fulfill these tasks.

Calling on all the party members and working people to unite in one mind and work hard to make their country, their homeland more prosperous, befits the soldiers and disciples of Comrade Kim II- song, the reporter declared:

Only when they main faithful to the party's idea and leadership with absolute loyalty to and worship of Comrade Kim Chong-il, the might of our country will grow remarkably and a new epoch-making progress made in the accomplishment of the socialist cause.

Leaders Attend Report Meeting

SK0802115595 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 7 Feb 95

[FBIS Translated Excerpt] A central report meeting marking the 35th anniversary of the great leader Comrade Kim Il-song's creation of the Chongsan-ri spirit and Chongsan-ri method was held at the People's Palace of Culture on 7 February.

Placed in front of the report meeting hall, with the party flag as its background, was the portrait of Comrade Kim Il-song, the great leader of our party and our people. Slogans reading "Long live the great leader Comrade Kim Il-song!" and "Long live the glorious Workers Party of Korea [WPK]!" were also installed.

Hung at the report meeting hall were slogans such as "Let us firmly implement the great Chongsan-ri spirit and Chongsan-ri method!" and "Let the whole party, all the people, and the entire Army unite in single-hearted unity and consummate the socialist cause to the end!"

Hung in the backdrop of the platform was a "1960-1995" placard showing the proud history of the great Chongsan-ri spirit and Chongsan-ri method, the brilliant embodiment of the revolutionary mass line of our party.

Present at the meeting were Comrade Pak Song-chol, member of the Political Bureau of the WPK Central Committee and vice president; Comrade Kim Yongnam, member of the Political Bureau of the WPK Central Committee, vice premier of the Administration Council, and foreign minister; Comrade Choe Kwang, member of the Political Bureau of the WPK Central Committee and chief of the General Staff of the Korean People's Army [KPA]; and Comrades Kye Ung-tae, Chon Pyong- ho, and Han Song-yong, members of the Political Bureau of the WPK Central Committee and secretaries of the party Central Committee; Comrade Kim Chol-man, candidate member of the Political Bureau of the WPK Central Committee: Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrades Choe Yong-nim and Hong Song- nam, candidate members of the Political Bureau of the WPK Central Committee and vice premiers of the Administration Council; Comrade Yang Hyong-sop, candidate member of the Political Bureau of the WPK Central Committee and chairman of the Supreme People's Assembly; Comrade Hong Sok-hyong, candidate member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Commission; Comrades Kim Ki-nam, Kim Kuk-tae, Kim Chung-nin, and So Kwan-hui, secretaries of the WPK Central Committee; Comrades Kim Hwan, Kim Pok-sin, and Chang Chol, vice premiers of the Administration Council; Comrade Yun Ki-pok, chairman of the Economic Policy Commission of the Central People's Committee; Comrade Pak Nam-ki, chairman of Pyongyang Municipal Administrative and Economic Committee; Comrade Chon Mun-sop, chairman of the State Inspection Commission of the Central People's Committee; and responsible secretaries of the power organs, administrative and economic organs, labor organizations, and central organizations; KPA generals; and functionaries of the sectors of science, education, culture, arts, public health, the media, and the press; members of the three-revolution team; and agricultural workers of the Chongsan cooperative farm and other workers at various levels.

The report meeting began with the playing of the national anthem.

The participants paid a silent tribute to the memory of the great leader Comrade Kim Il-song, who devoted his whole life to the development and prosperity of the country, the freedom and happiness of the people, and the accomplishment of the cause of global independence.

Comrade Hong Song-nam, candidate member of the Political Bureau of the WPK Central Committee and vice premier of the Administration Council, made a report at the meeting. [passage omitted]

South Korea

Kong: ROK-Style Reactors Prerequisite to Accord

SK0802030695 Seoul YONHAP in English 0239 GMT 8
Feb 95

[FBIS Transcribed Text] Washington, Feb. 7 (YON-HAP)—South Korean Foreign Minister Kong No-myong warned Tuesday [7 February] that the issue of providing light-water nuclear reactors to North Korea would go back to the starting point unless North Korea accepted South Korean-standard models.

During a joint meeting with members of the U.S. Senate Foreign Affairs and Armed Forces Committees, Minister Kong reportedly made the point, noting that the nuclear reactor provision program itself had been worked out on condition that the reactors had to be South Korean models. He made the remark when asked about what the fate of the Washington-Pyongyang nuclear agreement reached in Geneva last October would be if North Korea refused to accept the South Korean model.

Minister Kong's remark was accepted by observers here as an expression of Seoul's firm resolution that South Korea would not play a central role in the reactor program even at the risk of jeopardized Geneva nuclear accord unless by ongyang accepted South Korean models.

Minister Kong, however, reportedly extended a guarded optimism that North Korea will eventually accept South Korean models if South Korea and the United States remain resolute with principles.

Meanwhile, Kong said in a meeting with South Korean correspondents in Washington that he had been told that Brunei, Saudi Arabia and Kuwait are considering participating in the Korea Energy Development Organization (KEDO).

He then observed there will be no such eventuality that important decisions are made without Seoul's knowledge as South Korea and the United States have agreed to continue to have close consultation with each other on establishing liaison offices between Washington and Pyongyang.

Kong added the public sentiment in South Korean is against the liaison offices being opened abruptly under the circumstances that inter-Korean dialogue has not resumed and South Korean model of nuclear reactors is not adopted.

U.S.: DPRK Rejects ROK-Style Reactors

SK0802050995 Seoul YONHAP in English 0500 GMT 8 Feb 95

[FBIS Transcribed Text] Washington, Feb. 7 (YON-HAP)—The U.S. Government on Tuesday [7 February]

admitted North Korea's rejection of a South Koreanmade reactor but was confident that the issue would be settled in the coming talks with Pyongyang.

State Department Spokeswoman Christine Shelly said in a regular press briefing that the North Koreans "certainly have demonstrated some resistance to that idea, but this is not a new issue... (which we) believe we can still work out with them in the context of scheduled discussions."

Noting the talks with the North Koreans would resume in March, she stressed the U.S. position is that "the South Korean model reactor is the only option for the light-water reactor project (of North Korea).

"We remain confident that this issue will be settled in a way that makes sense and that is also reflective of our position and certainly the position of the Republic of Korea."

She said North Korea's resistance to the South Korean model reactor at this juncture does not put the overall nuclear agreement with North Korea in jeopardy.

Touching on the Korea-U.S. foreign ministers' meeting in Washington Monday, she said Foreign Minister Kong No-myong and Secretary of State Warren Christopher had agreed that the inter- Korean dialogue "is essential to the successful implementation of the agreed framework (on North Korea's nuclear development program reached in Geneva last October.)"

Moscow: Russian-Style Reactors 'More Suitable' SK0802020295 Seoul YONHAP in English 0139 GMT 8 Feb 95

[FBIS Transcribed Text] Moscow, Feb. 7 (YONHAP)—Russia has argued that its light-water nuclear reactor technology is more suitable for North Korea to operate, a diplomatic source here said on Tuesday [7 February].

Meeting with visiting U.S. Nuclear Ambassador Robert Gallucci on Monday and Tuesday, Russia's Foreign Ministry and Atomic Energy Ministry officials said that the light-water reactor technology that is deemed more suitable for North Korea is Russian one and that North Korea has continuously showed interests in having Russian light-water reactors.

Gallucci explained to the Russian officials that the issue of how to supply light-water reactors for North Korea is closely related to how to finance the supply.

Gallucci emphasized that since it costs an enormous fund to transform North Korea's nuclear reactors, there was no choice but to let the main suppliers of the fund, South Korea and Japan, play leading roles.

As for the formation of the Korea Energy Development Organization (KEDO), the international consortium tasked with providing light water reactors to the north,

Russian officials said that their participation in the process of solving the North Korean nuclear problem is inevitable.

The Russian side, led by Vice Foreign Minister Aleksandr Panov, warned that it will be difficult to completely solve the North Korean nuclear problem without Russia's role, pointing out that Russia contributed to some extent to the resolution of the nuclear problem behind the scenes.

Meanwhile, Radio Moscow said Tuesday that the position of the North Korean leadership is more important than that of the reactor providers in determining the type of the light-water reactors to be supplied to the north.

While commenting on the meeting between the Russian officials and Gallucci, the Korean-language broadcasting of the radio said that North Korea is definitely rejecting South Korean-style reactors and that North Korea's nuclear experts are familiar with Russian nuclear facilities since they have been educated and trained in Russia.

Government Suggests Russia Participate in KEDO

SK0802085995 Seoul TONG-A ILBO in Korean 8 Feb 95 p 1

[Report by correspondent Mun Myong-ho from Moscow]

[FBIS Translated Text] On 7 February, the ROK Government officially suggested that Russia participate in the Korea Energy Development Organization (KEDO) to supply North Korea with light-water reactors.

On that day, the ROK Embassy in Moscow conveyed the ROK Government proposal to the Russian Foreign Ministry. An embassy official said: We have also conveyed our stance that in case Russia should participate in this organization, Russia will have to make a certain level of financial contributions to KEDO, like other participating nations such as the ROK, Japan, and the United States.

In this connection, the same official said: Russia has expressed, in principle, its affirmative interest in participating in KEDO. Russia, however, showed a less positive attitude toward the question of Russia's making financial contributions to KEDO, while pointing out the fact that, although the United States is not making great financial contributions, it is playing a leading role in the entire project of supplying light-water reactors.

Gallucci Interviewed About ROK-Style Reactors

SK0802002795 Seoul KBS-1 Radio Network in Korean 0000 GMT 8 Feb 95

[Report by correspondent Kim Son-ki from Moscow]

[FBIS Translated Text] On 7 February, U.S. Nuclear Ambassador [title as heard] Robert Gallucci, who was

visiting Russia, said only ROK-style light-water reactors will be supplied to North Korea. In an exclusive interview with KBS on 7 February, Ambassador Gallucci made public: We have conveyed to Russia the U.S. stance that the light-water reactors to be supplied to North Korea, in conformity with the U.S.-North agreement reached in Geneva, will be ROK-style reactors. We believe the Russian Government understands the present situation.

Ambassador Gallucci added: The ROK does not have to worry about the progress of U.S.-North Korea relations, including the opening of liaison offices in the United States and the North. The United States is in close contact with the ROK as regards this issue.

Alleged Clinton-DPRK Delegates Meeting Viewed SK0802095095

[FBIS Editorial Report] The following is a compilation of two articles published in 8 February ROK vernacular dailies on the news report broadcast by the DPRK media on 7 February stating that U.S. President Bill Clinton had met with the head of a North Korean religious delegation.

The moderate HANGUK ILBO carries, on page 5, an article written by Yi Sang-sok, a Washington-based correspondent, saying that although the North Korean radio did not report details, including the location of the meeting, this confirmed the widely circulated rumor that such a meeting had indeed taken place.

The article quotes Washington-based sources as saying: "After presenting formal greetings to Chairman Chang and his party, President Clinton stressed to them the need to resume the South-North dialogue. In response, Chairman Chang said that 'DFRK-U.S. relations are more important to us."

Noting that North Korea reported that "Clinton expressed the hope that the two countries' relations would improve with the implementation of the DPRK-U.S. agreement," and that "Clinton conveyed greetings to Kim Chong-il," the article points out that North Korea did not mention the fact that "Clinton emphasized the importance of South-North relations."

The article says that in view of North Korea's radio report stating that the meeting was also attended by Vice President Gore; Hamilton, chairman of the Foreign Affairs Committee of the U.S. House of Representatives; and the Reverend Billy Graham, the meeting was very formal.

The article adds: "The North Korean delegation attended a dinner hosted by the Reverend Billy Graham on the afternoon of 2 February. An official from the U.S. Administration involved in the North-U.S. talks, who reportedly talked with the North Korean delegation there, also attended this meeting in a private capacity."

The article quotes one participant of the meeting as saying: "When U.S. participants repeatedly stressed at the meeting the importance of the South-North dialogue, the North Korean people appeared to be sympathetic to the grave nature of this issue."

The article goes on to say that four North Koreans visited the White House on the morning of 3 February for the first time in history. It notes that despite U.S. authorities' explanation that they visited the White House as tourists, this was "a symbolic event" which shows that there is a thawing mood in North-U.S. relations.

In conclusion, the article says: "Experts believe that North Korea reported on such a meeting belatedly emphasizing once again the North-U.S. friendship to cope with the mounting pressure to resume the South-North dialogue."

The moderate KYONGHYANG SINMUN carries, on page 5, an article written by reporter Yi Sung-chol that also deals with the meeting between U.S. President Bill Clinton and members of the North Korean religious group. The article quotes White House denials that President Clinton has ever met with the North Korean delegation at the White House. It quotes the same source as saying "the President may have had an encounter with the North Korean delegation at the prayer breakfast held at the Hilton Hotel in Washington on 2 February."

An ROK Foreign Ministry official is quoted as saying that "such a rumor is groundless," while quoting another government official as saying: "The fact that North Korea has belatedly reported on such a meeting shows that North Korea intended to fabricate or distort the meeting."

In conclusion, the article also quotes an expert on North Korean affairs commenting: "North Korea's report on such a meeting with President Clinton seems to be an exaggeration. This shows that North Korea has an increasing need to publicize, at home and abroad, that its relations with the United States are improving smoothly."

U.S. Monitors Possible DPRK Heroin Dealing SK0802055195 Seoul YONHAP in English 0534 GMT 8 Feb 95

[FBIS Transcribed Text] Washington, Feb. 7 (YON-HAP)—The U.S. Government will monitor heroin trafficking that may involve North Koreans and take appropriate actions to protect U.S. citizens, the State Department here said on Tuesday [7 February].

Commenting on the reported arrest last year in Russia of two North Korean intelligence agents on charges of illegal heroin trafficking, a department official said, "We were aware that Russians in a recent secret undercover operation have arrested two North Koreans for selling heroin in Russia. "We do not know where the heroin is originated. There are no indications that the North Koreans have attempted to smuggle heroin to the United States."

He explained that the United States is providing training to Russian officials and that U.S. officials are working with their Russian counterparts to combat drug trafficking and organized crime.

Meanwhile, Russian Lt. Col. Oleg Kharichkin, who is in charge of a program to counter the international and inter-regional drug trade, said in an interview with THE WASHINGTON TIMES on Monday that the Russian Government arrested two North Korean intelligence agents after uncovering their heroin trafficking in Vladivostok last June in a sting operation.

He was quoted as saying, "It is our assessment these deals are supported by the North Korean Government."

Foreign Minister Arrives in U.S. for UN Visit SK0802004495 Seoul YONHAP in English 0032 GMT 8

SK0802004495 Seoul YONHAP in English 0032 GMT 8 Feb 95

[FBIS Transcribed Text] New York, Feb. 7 (YON-HAP)—South Korean Foreign Minister Kong No-myong arrived in New York Tuesday afternoon for a four-day visit to the United Nations where he is scheduled to seek support for Seoul's admission as a non-permanent member to the UN Security Council (UNSC).

Minister Kong will have a breakfast meeting with UN Secretary General Butrus Butrus-Ghali Wednesday morning and have a series of separate meetings with some 30 ambassadors to the United Nations including those from the UNSC member countries.

In particular, Kong is set to meet Sri Lankan Foreign Minister Lakshman Kadirgamar at a UN conference hall Wednesday afternoon and is expected to sound out Colombo's position toward Seoul's plan to obtain membership in the Security Council.

Sri Lanka is anticipated to compete with South Korea for the non-permanent membership seat in the UNSC this fall.

Kong will also meet U.S. Ambassador to the United Nations Madeleine Albright and Japanese Ambassador to the United Nations Hisashi Owada and will extend gratitude to their cooperation for resolving the North Korean nuclear issue.

Minister Kong is also scheduled to meet the Korea Society Chairman Donald Gregg and representatives of the Korean Residents Association here before he leaves for Japan Friday.

Foreign Minister Kong's Visit to U.S. Analyzed SK0802141595

[FBIS Editorial Report] The following is a compilation of editorials and articles published in ROK vernacular

dailies on 8 February on ROK Foreign Minister Kong No-myong's recent visit to the United States.

The conservative CHOSON ILBO carries on page 5 a 600-word article by Washington-based correspondent Hong Sok-chun on talks between Minister Kong and U.S. Secretary of State Warren Christopher held on 6 February on the issue of providing light-water reactors to North Korea. The article reports: "The recent talks failed to present a specific strategy of the ROK and the United States to facilitate the holding of South-North dialogue and the providing of ROK-type light-water reactors to North Korea, as well as failed to link these two tasks with the improvement of North Korean-U.S. relations." The article also reports on diplomatic experts' view that "U.S. and North Korean liaison offices will be exchanged, with disregard to South-North dialogue."

The moderate TONG-A ILBO carries on page 8 an 800-word article by reporter Kim Cha-su. Reporting Minister Kong's meetings with high-level U.S. Government officials, the article reports that it seems that the ROK and the United States "will make efforts to smoothly conclude a treaty for providing light-water reactors to North Korea by the due date of 21 April, rather than to facilitate the resumption of South-North dialogue." The article stresses that "our government's strategy to fully use the 'light-water reactor supply card' is the most reasonable strategy because the government can 'pressure' both North Korea and the United States at the same time by using the card."

TONG-A ILBO also carries on page 8 a 600-word article by Washington-based correspondent Pak Che-kyun on 7 February talks between Minister Kong and U.S. Secretary of Defense William Perry. Reporting the two ministers "mentioned the new U.S. strategy on security in East Asia and the Pacific region, featuring that the United States will maintain the present scale of U.S. troops in the ROK," the article points out "the possibility that this strategy will run counter to our efforts to achieve national reunification" because the U.S. strategy may create an "obstacle to South and North Korean arms reduction, which is necessary to reunify the country through an accord with North Korea."

The pro-government SEOUL SINMUN carries on page 6 a 1,000-word article by Washington-based correspondent Yi Kyong-hyong. The article reports the purpose of Kong's visit to the United States was "to tighten the nut of ROK-U.S. measures for the North Korean nuclear issue." Pointing out that in the recent talks, "the ROK and the United States shared the view that the armistice agreement will be valid until it is replaced with a peace system" and "reconfirmed the U.S. policy to keep the current U.S. troops stationed in the ROK," the article concludes: "It is the general view that the recent ROK and U.S. foreign ministers talks readjusted [chaejoyul] their measures for the North Korean nuclear issue, as well as clearly set up the bottom line."

Dailies View Possible U.S. Trade Pressures SK0802084495

[FBIS Editorial Report] The following is a compilation of 8 February ROK vernacular dailies which carry four articles and an editorial on ROK-U.S. trade issues.

The conservative CHOSON ILBO carries, on page 2, an article written by Chong Hae-yong, correspondent based in Washington, saying that the Clinton administration seems to "be singling out the ROK as its next target for applying trade pressure" as a result of the dying down of its trade dispute with China over the intellectual property rights issue. The article cites the talks held on 6 February between visiting Foreign Minister Kong Nomyong and U.S. Trade Representative [USTR] Mickey Kantor in which the latter strongly urged the ROK to open the automobile market, lower the standards on food expiration dates, protect intellectual property rights, and lift discriminatory measures against U.S. cigarettes.

Kantor also cited the U.S. draft budget program for fiscal year 1996 that President Clinton presented to Congress, in which he pledges to outsmart the world's top 10 "fast-growing" economies, such as the ROK, China, and Mexico, to increase the U.S. own competitive power. The article also reviews the U.S. Department of Commerce's plan to thoroughly implement trade-related agreements and regulations; to investigate cases related to anti-dumping tariffs and retaliatory duties; and to apply pressure on foreign countries to strictly implement what has been discussed between the United States and those foreign countries.

Meanwhile, the article quotes the 6 February issue of the THE WALL STREET JOURNAL as saying that the ROK has the image of having the highest protectionist trade barriers in the world, adding that the ROK is likely to suffer from sanctions to be imposed by U.S. trade-related laws and regulations. The article speculates that since the inauguration of the Kim Yong-sam administration, the ROK has not hesitated to counter U.S. requests related to trade, and that as a result, the United States may have contemplated "teaching it a lesson some time in the future."

The moderate TONG-A ILBO carries, on page 2, an article written by correspondent Yi Chae-ho based in Washington which deals with ROK-U.S. trade relations. The article reviews U.S. moves to find fault with the ROK for its trade practices, while citing the U.S. Department of Commerce's draft budget program for fiscal year 1966; remarks by a deputy USTR, who criticizes the ROK for adroitly blocking U.S. enterprises and products from advancing into the ROK market by raising non-tariff trade barriers; and THE WALL STREET JOURNAL and another U.S. newspaper. Then, the article quotes a ROK Embassy officer stationed in the United States regarding the Super 301 and Special 301 clauses: "At this point in time, the United States is

raising the issue of ROK's trade barriers just to irritate the ROK." While citing the ROK Government's explanation that "there is no big problem" with ROK-U.S. trade friction, the article concludes by saying that "the United States seems to be making desperate efforts to find a political scapegoat with the 1996 presidential election approaching."

The moderate HANGUK ILBO carries, on page 5, an article written by reporter Yi Chong-chae which deals with the U.S. tough trade policy affecting the ROK. The article highlights a tough trade- related move taken by the United States, while citing the scheduled visit to the United States (12 to 15 February) by Pak Chae-yun, minister of International Trade and Industry. The article says: "During his U.S. visit, Minister Pak will emphasize the fact that the two countries have maintained the balance of trade payments between them since 1991; the ROK has further opened its agricultural market; the ROK has improved the environment for foreigners' investments; most of the pending trade issues between the two countries have been solved because the ROK's relevant inspection standards meet GATT regulations; and the ROK has been consistently opening its markets further under the five-year plan to lower tariffs."

The moderate KYONGHYANG SINMUN carries, on page 5, an article written by reporter No Ung-kun which deals with the ROK-U.S. trade relations. The article takes note of some optimistic observers of ROK-U.S. trade relations who stress the need to build trust by thoroughly keeping promises with the United States, while saying that this view is based on the analysis that the United States is applying trade-related pressure on the ROK not because of the ROK's trade surplus with the United States, but because of the U.S. mistrust in the ROK Government's practices related to trade negotiations and in the ROK's trade policies.

The moderate CHUNGANG ILBO also carries, on page 3, an editorial urging the United States not to provoke a trade war against the ROK. The editorial expresses its displeasure at foreign news reports about the probability of the United States provoking a trade war against the ROK while citing the U.S. "offensive-style" six-point trade strategy. The editorial states that the United States has no reason to be displeased with the ROK, while saying that, although there is a difference in the views of the ROK and the United States over several pending trade issues, smooth negotiations are now going on between the two countries over these issues. The editorial adds: "The U.S. Government and business circles are not hesitating to make remarks hinting that the United States has singled out the ROK as its next target of attack following its decision to impose retaliatory tariffs on China. This is not a very refined type of behavior."

In conclusion, the editorial stresses the need to "cope with the unjust U.S. pressure in a dignified way, and to readily open what we should open."

Kim Chong-il Said Striving To Control Military SK0802061695 Seoul YONHAP in English 0607 GMT 8 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP)— North Korea's de facto leader Kim Chong-il is apparently striving to tighten his control of the military by visiting military units frequently, a government official here opined Wednesday [8 February].

The official noted that all the four public appearances of Kim this year including his latest visit to a womenmanned battery on the east coast involved military units.

"Such moves of Kim Chong-il may underlie his intention to tighten his control of the military. At the same time, they make one suspect that the status of the military in the North is being heightened under the Kim Chong-il leadership," the official speculated.

In supporting the speculation, he cited recent reports by Western journalists visiting North Korea that roadside checkpoints in Pyongyang were reinforced, and that soldiers armed with sub-machine guns were frequently seen in the North Korean capital.

In reference to Kim Chong-il's recent appearances before the public, another government official said: "They prove to the contrary that the junior Kim's grasp of power is not as solid as it was under the late President Kim Il-song. It seems that he is striving to cement the basis of power by tightening his control of the military after having secured a control of the propaganda apparatus."

Gorbachev Urges N-S Private Exchange Programs SK0802092195 Seoul YONHAP in English 0701 GMT 8 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP)— Former Soviet President Mikhail S. Gorbachev on Wednesday called on South and North Korea to push for private-level exchange programs, such as exchange visits by separated family members and by college students, in an effort to expedite Korean reunification.

Speaking on the Northeast Asian situation and world peace in a lecture meeting sponsored by the CHUN-GANG DAILY NEWS [CHUNGANG ILBO], he said it is too early for the Koreans to think they can achieve national reunification now. They must first exchange opinions through exchange programs, he stressed.

It is very important to study the feasibility of inter-Korean economic cooperation and then the availability of arms reduction to alter the atmosphere of the Korean peninsula.

Predicting that the recent developments of the international situation surrounding the Korean peninsula, such as reforms in China and Russia and the conclusion of the Cold War, would lead to improved inter-Korean relations, the former Soviet leader said this is a good chance

for South and North Korea to settle their antagonistic relations for national reunification.

Gorbachev said he would arrange an inter-Korean summit meeting if both Seoul and Pyongyang so asked first, adding that in the arrangement for such a meeting the positions of both sides should be equally respected.

As world history has changed, so will slowly do North Korea's Kim Chong-il monolithism sloughing off one old system after another gradually. [sentence as received]

If North Korea insisted on its isolationist policy, it would be tantamount to committing political suicide, he remarked.

Should North Korea wage a war, Russia would never support Pyongyang and China would not do either, he added.

Because the present situation of North Korea is totally different from what it was, Pyongyang cannot avoid making contact with its neighboring nations.

Although it is very hard to tell when and how Korea is reunified, he said he believes a unified Korea will not be a country like South Korea or North Korea of today.

Commenting on the present state of Perestroyka, Gorbachev said the reform policy that "gave the Russian people freedom, human rights and openness is being replaced by crimes."

The Yeltsin government is responsible for Russia's present economic and political crises and must therefore be judged in a free general election, he urged.

President Kim Meets With Mikhail Gorbachev

SK0802112195 Seoul YONHAP in English 1100 GMT 8 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP)— President Kim Yong-sam met with Mikhail Gorbachev, former Soviet Union president and now president of the International Green Cross, at Chongwadae [presidential offices] Wednesday afternoon.

Gorbachev was accompanied to the Chongwadae call by Kim Sang- hyon, co-chairman of the Korean Green Cross, and other Green Cross leaders.

President Kim and Gorbachev exchanged opinions on the importance of environmental protection and of international solidarity of environmental movement, Chongwadae spokesman Yun Yo-chun said.

President Kim, according to Yun, expressed the hope that South Korea would be able to more positively take part in international cooperation in environmental protection with the inauguration of the Korean Green Cross as a momentum.

Gorbachev was in Korea mainly to attend an international symposium on environment held to mark the inauguration of the Korean Green Cross.

Kim Tae-chung Urges Opening to Japanese Culture

SK0802060195 Seoul YONHAP in English 0542 GMT 8 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP)— Asia-Pacific Peace Foundation Chairman Kim Taechung on Wednesday [8 February] advocated the opening of the local market to Japanese mass culture.

In a lecture entitled "The 50th Anniversary of Liberation and the Nation's Future," Kim said: "We should not be afraid of opening our market to foreign cultures... We must be prepared to accommodate Japanese mass culture as well."

The former opposition leader delivered the lecture at the Priests' Spring School of the Presbyterian Church of Korea, located in Chongdam-tong, southern Seoul.

"We have denied Japanese mass culture access to our market for the past 50 years, and what are the consequences?" Kim asked and asserted, "After all, substandard Japanese culture like pornography, violence, drugs and Japanized foreign words have infiltrated into the country to cause cultural pollution, while we have failed to introduce good aspects of Japanese culture."

Whether or not to open the market to Japanese mass culture has long been controversial. Some argue it is still premature for South Korea to do so in view of fledgling local cultural industries, while others contend that it should be carried out under the principle of reciprocity.

Kim Tok-yong Selected as DLP Secretary-General SK0802051795 Seoul YONHAP in English 0506 GMT 8 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP)—The ruling Democratic Liberal Party (DLP) appointed Kim Tok-yong secretary- general and named Yi Sung-yun to become chief policymaker in a reshuffle of major party posts conducted Wednesday [8 February] afternoon.

Kim Yun-hwan, the first state minister for political affairs, and Pak Pom- chin, DLP spokesman, were retained.

The DLP named Pak Chong-su as chairman of the Globalization Promotion Committee and appointed Kim Yong-kwang chairman of the National Policy Advisory Committee.

Nam Chae-tu was named director of the Central Political Training Center while Kim Han-kyu became chief secretary to party president.

President Kim's DLP Reshuffle Message Analyzed

SK0802102995 Seoul YONHAP in English 0935 GMT 8 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP)— President Kim Yong-sam who concurrently heads the

ruling Democratic Liberal Party (DLP) reshuffled key postholders of the party Wednesday, and his intention behind the action can be seen in the appointment of Rep. Kim Tok-yong to the powerful post of secretary general.

In fact, the message the president wanted to give to the DLP by naming one of his political disciples as its new chief executive officer goes out loud and clear.

The message is a thorough change and reform of the ruling party. It is a well-known fact that new DLP Secretary-general Kim Tok-yong is the strongest advocate of reforms among the president's disciples.

He had advocated "new people in the new era" until the cabinet reshuffle in late December, though President Kim was then expected to include many Democratic Justice (Minjong) faction members of the old era in the new cabinet.

Secretary-general Kim is often likened to former Senior Presidential Secretary Kim Chong-nam who received a barrage of criticisms from conservatives of the ruling camp for his reformism.

"Is there anybody who has more devoted himself to the democratic movement than Senior Secretary Kim in the dark age?" New DLP Secretary-general Kim has often asked.

Until months ago, Rep. Kim's "inconsiderate" remarks had reportedly made President Kim angry, thus inviting his scolding. And there was once a groundless rumor that President Kim would not give him any important post in the government or in the DLP.

But President Kim has named him secretary general, a core post of the ruling party, at a very important juncture in time with the June local elections around the corner.

The meaning of President Kim's Kim Tok-yong card, therefore, should be found from such a reversal. It indicates that the chief executive intends to tighten his control of the government party and start a drastic reform of the DLP.

Kim Tok-yong is indeed the alter ego of Kim Yong-sam, who perceives the latter's mind and heart with ease.

In the event the president runs the ruling party with Kim Tok- yong serving as his proxy, the width of reform within the party should be larger than that pushed ahead two years ago by the then Secretary General Choe Hyong-u. Political observers say that Kim Tok-yong is more capable than Choe in maneuvering a party reform in terms of strategy.

Should President Kim's zeal for reforming the government party be combined with Kim Tok-yong's driving power, the ruling party may well be sucked into a vortex of change and reform.

The reform-minded Democratic (Minju) faction in the DLP is upset about the aborted rechristening of the party

and finds it burdensome that the party reform effort has been tarnished by the turmoil brought about by the resignation of former party Chairman Kim Chong- pil.

The appointment of Kim Tok-yong as new party secretary general is interpreted as President Kim's ambitious move designed to have Kim Tok-yong re-initiate the faltering reform of the government party.

President Kim has revealed his intention to unfold an era of the "next generation politics" by using the "Kim Tok-yong ticket."

Kim's appointment to the post of secretary-general is viewed by observers as a break with tradition, considering he is relatively young, only 54 in age, and has been elected only twice to the National Assembly.

Some political pundits even examine the possibility of Kim's appointment having something to do with reformist calls for "generational shift" in the political structure.

In reality, the new secretary general has been regarded as one of the "next-generation leaders" and he has long thought himself to be one.

The ruling party's secretary general is undeniably a powerful post which takes overall control of finance and organization of the party and for this reason Kim's appointment to that post is drawing particular attention in connection with power succession in the ruling party.

It will take some time to fully assess President Kim's real intention, but Kim Tok-yong will be certain to be in the spotlight as long as the people consider him a next-generation leader.

Kim's appointment as secretary general partly underlies President Kim's intention to have a reformist in the top party echelon who will complement the conservative political colors of just-elected DLP Chairman Yi Chunku, a soldier-turned rightist politician.

The appointment on Tuesday of Rep. Yi as party chairman was received with resentment by the opposition party, in particular, and some media organizations.

In this context, the appointment of Kim Tok-yong as secretary- general can be understood as an effort to get the conservative image of new Chairman Yi diluted.

Appointments of other party officials are primarily aimed at complementing the uncompromising reform line of the new secretary- general and encouraging minority faction members to join the decision-making process.

Kim Yun-hwan, state minister for political affairs, remains in office as a matter of course as a top leader of the Democratic Justice faction.

University Students 'Turning' Away From Activism

SK0802020995 Seoul THE KOREA TIMES in English 8 Feb 95 p 3

[FBIS Transcribed Text] Student councils at universities are turning their attentions toward environmental concerns, women's rights and other on-campus issues in a continuing break from the traditional political activism against the government.

The council of Seoul National University [SNU] will establish a "Coed Council" in the coming semester to actively cope with women's on-campus difficulties, by opening a "sexual violence report center" and charting out new school regulations against sexual harassment.

The students' organization will also offer counselling to women about employment matters, a leading member of the SNU council said yesterday.

In a similar vein, the "Sex Politics Bureau" will be set up by Yonsei University student council to help female students fight against sexual harassment and discrimination in employment.

The student council at Sookmyung Women's University also plans to form a "women's affairs research committee" to eliminate discrimination and sexual exploitation of women in this society, the council leader said.

On the other hand, student councils are allotting a greater weight to their anti-pollution campaigns, reflecting a heightened environmental awareness among the younger generation.

The SNU council is poised to launch an Environmental Student Club this semester to state anti-pollution and anti-nuclear campaigns in affiliation with civic groups.

Student councils at Yonsei and Sookmyung Women's Universities will each form a campus environment watchgod body to stage campaigns against the use of disposable items, a Yonsei council member said.

They will also push a "use both sides of paper" drive as part of their environmental program, as well as make rounds to collect recyclable bottles and paper packs.

Meanwhile, the Choongang University student council will set up a "Gymnastics Bureau" under its wing to support students' sports and leisure activities.

Electronics Firms Post Two-Digit Exports Growth SK0802004095 Seoul YONHAP in English 0009 GMT 8 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 8 (YONHAP)— South Korea's electronics exports rose sharply in January, thanks to improved product quality and business recovery in the world market, business sources said Wednesday. The three electronics majors recorded a two-digit export growth last month, a phenomenon not seen in the past. Up to last year, electronics exports used to soar in march.

Samsung Electronics Co. recorded exports worth 800 million U.S. dollars in January, up 28 percent from the same month last year, according to the sources.

By item, the export of air-conditioners rose 160 percent from 25,000 units in January last year to 65,000 and that of microwave ovens soared 104 percent from 270,000 units to 550,000.

LG [Lucky-Goldstar] Electronics Co. also increased its exports 41.6 percent from a year earlier to 340 million dollars, with color television sets achieving a 35.5-percent rise to 61 million dollars, videocassette recorders a 32.5-percent increase to 53 million dollars and air-conditioners a whopping 263-percent upsurge to 20 million dollars.

Daewoo Electronics Co. achieved a 50.7-percent export growth to 204 million dollars, with washing machines recording a 129-percent increase to 11.9 million dollars and microwave ovens a 33.5-percent rise to 25.1 million dollars.

Residents of Seoul, Others Face Water Rationing SK0802020595 Seoul THE KOREA TIMES in English 8 Feb 95 p 3

[FBIS Transcribed Text] Residents and businesses in Seoul and other cities and counties in the central parts of the country will face water rationing as a result of the unprecedented drought ravaging the southern regions.

The Environment Ministry said yesterday that water rationing will begin even in areas not affected by the shortage of water from next Wednesday [15 February] since there is no indication that any considerable amount of rain will fall anytime soon.

Ministry officials said a system limiting the supply of tap water for three hours every week will be enforced with the number of hours to be increased depending on the situation.

With the central parts of the peninsula now on water rationing, virtually all cities and provinces are facing some type of supply restrictions to stave off a sudden cut in water supply.

Already, more than a dozen cities and counties in Chollanam-to and Kyongsang Provinces are on water rationing and businesses using large quantities of water have been told to go on mandatory holidays.

"Even though farmers are not feeling the pinch yet because the farming season has not started, businesses are increasingly suffering from a shortage of water for production activities," one water management official said.

In Pohang, Kyongsangpuk-to, companies like Pohang Iron and Steel Co. (Posco), one of the world's largest steelmakers, are on the verge of closing down some assembly lines due to a lack of water.

Fortunately, many residents and businesses are actively participating in the campaign to conserve water with industrial firms and restaurants going on self-restraint programs to reduce the use of water by 50 percent.

Car wash centers and agro-fishery businesses in Sokcho, Kangwon- to, where there has yet to be a short of water, have shut off water pipelines and are depending purely on ground water, local administration officials said. They said residents recognize the fact that the shortage of water down south is not expected to be relieved any time in the near future and that the pinch is bound to hit every part of the country.

Should the drought continue, ministry officials said, as many as 600,000 people will be left high and dry by the end of March.

Meanwhile, the ministry has asked the Defense Ministry to provide manpower and equipment for developing sources of ground water in the most severely drought-stricken areas.

The ministry officials said heavy equipment, including excavators and transportation machinery, are needed in southern areas to drill wells to dredge up water for both human consumption and production.

Brunei, Malaysia & Singapore

Malaysia

Effect of GSP Phase-Out Viewed

BK0702124095 Kuala Lumpur THE STAR in English 7 Feb 95 p 4

[Report by Wan Hamidi Hamid and Wan Suhaimi Saidi]

[FBIS Transcribed Text] Petaling Jaya—Four key products are among the items that will cease to enjoy benefits under the European Union's new generalised system of preferences [GSP] beginning Jan. 1, 1998.

The products are plastics and rubber, wood, clothing, and selected subsectors of consumer electronics.

International Trade and Industry Ministry senior public relations officer Pauzan Majid said the phasing-out would be done in two stages.

She said Malaysia's exports in the first two years—this year and 1996—would be offered the total GSP rate.

"In 1997, the rate will be 50 percent of the GSP rate and by 1998, the four sectors will be fully graduated out of the GSP scheme," she said in a statement.

(GSP rates, which vary from product to product, are the discounted rates of the normal duty of the imported goods to the EU.)

For the export of Proton cars to the EU, Pauzan said, the new GSP rate would be 7 percent (compared to 10 percent for most-favoured nation status) of the normal tariff because motor vehicles were included in the "sensitive" category under the new GSP.

The "sensitive product" category includes electronics, footwear, and chemicals.

The GSP rate for sensitive products is 70 percent of the normal duty with a 30 percent margin of preference or discount.

Pauzan said under the previous scheme, Proton cars to the EU were subjected to zero duty free up till a ceiling of European Currency Unit (ECU) 84.5 million or U.S. \$109.8 million.

Once the ceiling is reached, the MFN duty of 10 percent will be applicable," she added.

She said the GSP benefits had been useful in helping Malaysian exporters gain market access in the major developed markets.

Pauzan said the ministry reminded exporters that GSP benefits were temporary and unilaterally offered.

She said Malaysia and other developing countries were concerned over the EU's intention to introduce non-trade-related issues into the EU GSP scheme.

She said Malaysia and other beneficiary countries would continue to make representations to the EU on the issue.

Possible Vietnam Membership in ASEAN Viewed

BK0802134795 Kuala Lumpur Voice of Malaysia in English 0810 GMT 8 Feb 95

[Station commentary]

[FBIS Transcribed Text] ASEAN six will eventually become an ASEAN 10. This is gradually becoming a reality with the report that Vietnam will graduate to a full ASEAN member by July this year from being a mere observer. There is nothing to stop the six-member grouping, which are collectively performing better than the developed nations, to increase its membership. Even individually some of the ASEAN countries, Malaysia being one, are outperforming many of the developed nations.

A study by the ASEAN Secretariat in Jakarta shows that ASEAN will grow by 6.8 percent and 7 percent in 1994 and 1995. In contrast, the Group of Seven industrialized nations will grow by 2.3 percent and 2.9 percent respectively. It is worth noting that ASEAN's growth will be recorded with relatively low level of inflation. It is hoped that the region's vast potential is not jeopardized by negativism on the part of some major developed countries, which are tempted to resort trade barriers.

The move to admit Vietnam and thereafter raising the membership to 10, should be seen in the light of ASEAN assisting its neighbors as spreading and sharing its wealth. There is no reason why the poor neighbor should be helped. It is under this premise that the ASEAN six realize it will be difficult for Vietnam to join the ASEAN Free Trade Area, AFTA, immediately. There will be a grace period for Vietnam to get its economy back on its feet. ASEAN will no doubt continue to do its part in helping in its rehabilitation.

The same, too, goes for Laos, Cambodia, and even Myanmar [Burma]. A more united Southeast Asia will inevitably make countries of the region stronger and more able to face future challenges both from within and outside the region. Together, they can work to develop a more resilient and progressive presence of prosperity in the region. Some ASEAN economies, and Malaysia in particular, have full employment and are importing foreign labor. Under such circumstances, it makes sense for ASEAN to bring into its hold these neighbor so that they, too, can benefit from the group's dynamism.

With development will come greater political and social stability in the region. In investing and transferring foreign technology to these poor neighbors, ASEAN members such as Malaysia and Singapore will not only be doing their neighbors a good turn, but they will be also helping themselves. Vietnam, Cambodia, and Laos have great potentials but they do not have the expertise, technology, or the capital to exploit their resources.

ASEAN is in a position to lend a helping hand in many areas. Unlike people in other regions, Asians believed in helping one another. They did not look at their neighbors with hostility. Indeed neighbors are often like the closest of relatives as in times of crisis and difficulties, it is to the neighbor that one turns. Nevertheless, no one in ASEAN is starry-eyed enough to expect overnight result. But first step in the long journey must be taken, and ASEAN has done just that.

Army Commander Stresses Community Projects BK0602145395 Kuala Lumpur Voice of Malaysia in English 0800 GMT 9 Feb 95

[FBIS Transcribed Text] The Malaysian Army will continue to implement community projects, particularly in remote areas, to get closer to the people.

Newly-appointed Army Commander General Datuk Che Mohamed Noor Mat Arshad said the community project, an essential tactic in the fight against communist insurgency many years ago, was still relevant in this modern time to preserve the fact that the Army was part of the community.

The Army would now emphasize on further improving the close relationship between the personnel and the people, including the many ex-servicemen.

He said this after handing over the post of deputy Army commander to Lieutenant General Datuk Mohamed Ali Alwi.

General Che Mohamed Noor said such community projects would be carried out regularly by the Army wherever it is deployed, including overseas while serving under the United Nations banner.

Cambodia

Keat Chhon Views Steps to ASEAN Membership

BK0702084395 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 7 Feb 95

[FBIS Translated Text] A cabinet minister of the Kingdom of Cambodia has disclosed that the Kingdom intends to sign the Treaty of Amity and Cooperation with the ASEAN states in July. Keat Chhon, state minister and minister of economy and finance of Cambodia, said the signing of the treaty is a prerequisite step toward allowing Cambodia to acquire observer status in ASEAN. The signing of the treaty—embodying ASEAN's view of regional order—could take place in Brunei during the ASEAN foreign ministers annual meeting in July.

Keat Chhon said this in Canberra following talks with Australian Foreign Minister Gareth Evans. He said the Kingdom of Cambodia is extremely enthusiastic about moving toward observer status and eventually to full membership. He pointed out, however, that the Kingdom must strengthen its legal and economic system before it can become an ASEAN member. He further said that 60 percent of the Kingdom's tax revenue comes from the Customs Department and that customs duties must be reduced before Cambodia can join ASEAN as a full member.

Ranariddh Denies Pressuring MP's on Contracts

BK0802021695 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 5-6 Feb 95 pp 1, 2

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister, has said that did not use his influence as the chairman of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party, to pressure the three FUNCINPEC MP's not to question the government on signing of Royal Air Cambodge's [RAC] contracts.

Prince Kroinpreah Norodom Ranariddh said this when told by reporters: Some have said that your highness has used the party's influence to pressure the FUNCINPEC MP's not to question the government on the deal between Royal Air Cambodge and the Malaysian Helicopter Services Company.

It should be noted that eight MP's had called for elaboration of the contracts signed between the government and the Malaysian company on setting up RAC. Among the eight MP's, four are from FUNCINPEC, three from Son Sann's party, and another from MOLINAKA [National Liberation Movement of Cambodia]. Later on, the names of three FUNCINPEC MP's were withdrawn from the list. This led the CAMBODIA DAILY to report that the three dropped their request because they were threatened by their own party.

Prince Krompreah Norodom Ranariddh added that he had stressed many times already that: "The discussion and elaboration by the party chairman does not mean using any pressure or influence whatsoever. I have explained to the MP's who are FUNCINPEC members, and they have realized for themselves that the contracts do not violate Article 55, because they were signed between the private sector and the state."

Article 55 of the Constitution of the Kingdom of Cambodia states: All treaties and agreements not conforming with the independence, sovereignty, territorial integrity, neutrality, and national unity of the Kingdom of Cambodia will be abrogated.

The Prince Krompreah said further: Articles 57 and 58 of the Constitution are also not affected. If there is any question, it would be on Article 90. However, I have already explained to those MP's that there are sufficient guarantee that the national budgets will not be affected. No national budgets nor foreign loans have been used. Therefore, this does not violate Article 90.

Article 90 of the Constitution states: "The parliament will be the only organization that wields legislative

power. The parliament may not relegate this power to any other organization or individual.

"The parliament will approve the national budget, the state plans, the state loans, the state grants, financial contracts, and the creation, amendment, or removal of taxes."

The Prince Krompreah added that it is stated in Article 32 of the Internal Regulations of the Parliament that if there is any question, the parliament may request answers from the minister concerned or the prime ministers by sending written questions to them. The prince said that he is always ready to provide them with a written elaboration.

However, Article 32 stresses that if the assembly chairman decides not to hold a debate, the Royal Government's written answer will be regarded as the completion of the parliament's questioning. If the parliament is still not satisfied with this answer and wants to protest further, it can do this only by casting a no-confidence vote to remove the government. To cast a no-confidence vote against the government, there must be a petition signed by 30 MP's.

The Prince Krompreah said in conclusion that the Royal Government respects the Constitution and wants the National Assembly to also respect the Constitution.

Indonesia

Impact of Sino-U.S. Trade Conflict Viewed

BK0802091795 Jakarta SUARA PEMBARUAN in
Indonesian 7 Feb 95 p 1

[FBIS Translated Text] Jakarta, 7 February—It is hoped that the trade conflict between the United States and China will be settled before the imposition of sanctions on China on 26 February. The economies of the two countries and the global economy in general will be affected if no settlement is reached.

This was stated by two economic observers—Christianto Wibisono, the director of the Indonesian Business Data Center and Dr. Mari Pengestu from the Center for Strategic International Studies, CSIS—when separately contacted by SUARA PEMBARUAN in Jakarta on Monday (6 February)

Christianto said: "I regret the hasty action taken by the United States to impose sanctions. An open trade war between the United States and China would ensue if sanctions were imposed."

Mari Pengestu said there was an opportunity for a compromise between the two countries before the dead-line for the imposition of sanctions. Mari: "There is still time for a compromise. If there is no compromise, and with China stating that it will retaliate, then there will be a trade war between the two countries."

Mari Pengestu considered that Indonesia would not be affected by the trade conflict between the United States and China. Indonesia currently has the Copyright Protection Law.

Mari Pengestu said: "Indonesia has sealed a bilateral agreement whereby the two countries will protect one another's copyrights."

In general, Indonesia has satisfied the principles of copyright protection and is only waiting for its implementation."

Christianto added that the United States intention to impose sanctions against China—the imposition of several import tariffs by 100 percent on several of China's goods valued at U.S.\$1.08 billion—is on a unilateral basis. In fact, the United States should solve the issue through the World Trade Organization (WTO).

According to him, even though the United States ia imposing sanctions against China according to its own decision, China was still considered to be in the wrong because it has continuously violated the United States copyrights. Therefore, the United States could take action against other countries.

Christianto said: "Even though China is not a member of the WTO, the United States, as a member of the WTO, should solve the issue through the WTO. If such an issue cannot be solved by the WTO, then the organization should not be established. One of the WTO's functions is to solve trade conflicts among its members."

According to Christianto, copyright violations still occur in Indonesia but not at such a serious level as those in China. Indonesia is capable of reducing and preventing the violation of copyrights because its already has the Copyright Protection Law.

Continuing, Christianto said no import taxes on goods produced outside Indonesia (such as software) have been imposed because of the existence of open opportunities for copyright violations.

At the same time, interest in copyright violations exists because of the high cost of imported goods due to the high import taxes. Christianto said: "Such a situation encourages people to produce pirated goods which can be acquired at affordable prices."

'Pragmatic' Attitudes Aid PRC-ASEAN Ties BK0802062195 Jakarta MERDEKA in Indonesian 4 Feb 95 p 5

[Article by Poltak Partogi Nainggolan, a researcher at the House of Representatives: "The Harmonization of ASEAN-PRC Relations"—passages in italics published in English]

[FBIS Translated Text] The PRC has not showed much opposition to UN policies since the end of the Gulf war. The number of PRC vetoes at the UN Security Council

has been diminishing, including over such issues as the planned U.S. military invasions of Somalia and Haiti. On the other hand, the PRC has supported the Western policy on the settlement of the conflict in the former Yugoslavia. NATO military raids on Serbia have not been vetoed by the PRC in UN Security Council sessions. PRC policy has become softer since the collapse of the Soviet Union and the Cold War.

Economic interests have prompted the PRC to become more pragmatic. However, the West (Europe and the United States) continues to see irritants in international relations due to the PRC's refusal to implement political reforms and its repression of prodemocracy movements. The Tienanmen incident and, lately, the exploitation of prisoners in the production of goods have been raised by the West as human rights issues that the PRC will have to improve on if it wants to continue to obtain the MFN [most-favored-nation] status that facilitates the access of its products into the United States.

From a regional perspective, the PRC's aggressive policy on the Spratlys and Paracels disputes has become a source of concern for ASEAN members. However, PRC military maneuvers have diminished lately and so has its rhetoric. Thus, tension in Southeast Asia has diminished too. ASEAN (the Philippines, Malaysia, and Brunei Darussalam) and Vietnam, as a newcomer to ASEAN, which are involved in the dispute over the islands, have been able to exercise self-restraint and prefer a peaceful solution through diplomatic channels to any conflict.

Economic Field

Economic cooperation has increased. ASEAN's interest in investment in the PRC has further increased due to the PRC Government's attractive offers for investment in the PRC. On the reverse side, PRC businessmen have shown great interest in developing several businesses in ASEAN countries, particularly in Indonesia. Economic missions from ASEAN governments and private sectors to the PRC have become more frequent in line with the dynamic development of ASEAN-PRC relations. Each side is trying to seek new opportunities as a source of investment and foreign exchange.

The PRC enthusiastically attended the APEC [Asia Pacific Economic Cooperation] summit held in Indonesia last November because it was highly interested in the very dynamic economic development in the Asia-Pacific region. This will have a positive effect on the PRC, which needs a large amount of capital to ensure its high economic growth. Several countries which do not want the APEC to become a close regional trade bloc now have no problem due to the PRC's pragmatic interests.

The PRC leader attended the APEC summit in Seattle and was also present at the following summit in Bogor, Indonesia. However, the Taiwan leader's desire to be present at the APEC summit in Bogor became a problem for a while because the PRC does not recognize Taiwan,

and Indonesia itself adopts a one-China policy. In addition, the status of APEC as a forum, which is neither a closed organization nor an open regional bloc, has put countries, which have different views or internal conflicts, in a difficult position. Hong Kong, which will revert to PRC sovereignty after the contract ends in 1997, attended the APEC summit in Indonesia. This is not a complicated matter for ASEAN and the PRC from an economic perspective because economic interests call for pragmatism. However, this is not the case politically because it relates to a representative sovereign government whose existence must be recognized.

The PRC strongly supports Malaysian Prime Minister Mahathir Mohamed's proposal for the establishment of the East Asian Economic Caucus [EAEC] as an alternative to APEC, which it regards as greatly influenced by U.S. interests. The PRC's stance is very pragmatic and in line with its economic interests in East Asia as well as those in ASEAN. However, the United States' dominant role and influence within APEC will put ASEAN and the PRC in a difficult position vis-a-vis the former. The PRC has an ulterior motive, hoping to use EAEC as a way out to avoid U.S. pressure on it over human rights and democratization.

ASEAN and the PRC are outside NAFTA because NAFTA is a closed regional trade bloc. However, both gain facilities in the form of the MFN and GSP [Generalized System of Preferences] of statuses from the United States, the strongest economy in NAFTA, in the export of their commodities. The United States has lessened political pressure on the PRC, as evidenced by the recent visit of the U.S. commerce secretary to the PRC, because the United States needs to seek huge economic deals. Consequently, the Clinton administration decided to renew the PRC's MFN status despite some domestic objection.

On the reverse side, ASEAN members must cooperate more closely to gain greater market access for their export commodities into the North American market. The United States has yet to decide on whether or not to renew Indonesia's GSP status. However, the United States will obviously use human rights, democratization, wages, labor conditions, and eco-labelling, which it has used against the PRC, as an effective weapon to restrict access into the markets of NAFTA and other developed countries.

Sociocultural and Political Fields

Both ASEAN and the PRC are facing air pollution in urban and industrial areas which have been turned into special economic zones. In addition, a high population density in large cities has a bad effect on the ecology. The excessive use of coal has caused the most serious pollution in the PRC. This is a valuable lesson for Indonesia, which is just campaigning for the mass use of this source of energy.

In addition, floods and storms, which have often lashed PRC rural areas, are environment-related problems faced by Southeast Asian countries. The construction of

huge dams has not been able to fully overcome inevitable natural disasters. Efforts to overcome such disasters can become a topic of ASEAN-PRC cooperation.

On drug or narcotic abuse, Indonesia and the PRC have no problems that need serious attention. Drug or narcotic smuggling and trafficking through the route between the two countries is less significant than that through the classic route from the Golden Triangle bordering on the PRC to Hong Kong. The Golden Triangle is far from ASEAN countries. However, drug or narcotic trafficking routes between the Golden Triangle and ASEAN countries should not escape the attention of the authorities. Cooperation between ASEAN and PRC police forces in monitoring the international drug or narcotic trafficking route should be enhanced in the future because drugs or narcotics have now become a serious threat in Europe.

Acculturation can easily take place in ASEAN countries because history shows that many Chinese (businessmen and monks) came to the region. Many ethnic Chinese and overseas Chinese are now settled in the region. Some are here due to new immigration rules, while the rest have been here for generations. Thus, efforts to mutually understand ASEAN and Chinese cultures are nothing new. The cultural values of the two sides have met through the historical process. Elements in ASEAN cultures also exist in the Chinese culture.

The economic gap has hampered the assimilation of the cultures of the ethnic Chinese and locals in ASEAN. However, the enhancement of cultural cooperation can serve as a therapy to back efforts to overcome the economic gap through political, economic, and social measures because it can enable ASEAN and the PRC, which have two different races, to become closer by getting to know and understand each other intensively. Thus, the possibility of the racial problem becoming a latent social bomb in ASEAN can be minimized in the future.

ASEAN-PRC cultural relations have become more dynamic since the normalization of their relations. This has been marked by the fact that many cultural activities jointly organized by ASEAN countries have been conducted in several places in the PRC. On the reverse side, PRC arts troupes have done likewise in ASEAN countries.

Mutual goodwill or cultural visits such as mutual visits by Islamic arts troupes from China and Indonesia are continuing. A troupe of PRC disabled artists led by a son of the country's leader Deng Xiaoping was the last group to visit Indonesia. Other cultural activities have included painting and ceramic exhibitions. Cooperation between Chinese and Indonesian Muslims has been very close. Their cooperation has backed by the Indonesian-Chinese Business Association and the China Committee of the Indonesian Chamber of Commerce and Industry.

ASEAN can take lessons from the use of technology for mass production as well as the technology used in industrial centers in various special economic zones [SEZ's] in the PRC. The SEZ's serve as places where sophisticated technology transferred from the West, whose companies are investing in the PRC, is applied. Since reforms started in the 1980's, the PRC Government has deliberately turned the SEZ's into theaters for learning and acquiring advanced Western technology. History shows that the PRC was not unfamiliar with the construction of high-technology heavy industries with Soviet assistance in the past. Mutual learning through an exchange of trainees in the manufacturing industry will be useful for the development of this type of industry in ASEAN countries. It is also interesting to learn the PRC strategy in developing industrial projects in the SEZ's because their significant synergism has enabled the national economy to sustain a high growth.

The PRC is an active observer at the AIPO [ASEAN Interparliamentary Organization]. PRC parliamentary delegations have been enthusiastic and sympathetic in discussions with ASEAN. Bilateral parliamentary activities have also be dynamic. New interparliamentary cooperation groups will be indispensable in the future to support growing interparliamentary activities between the two sides.

The PRC Government has showed a strong intention to immediately establish an interparliamentary cooperation group between the National People's Congress [NPC] and the House of Representatives of the Republic of Indonesia in response to a suggestion by Kharis Suhud, speaker of the House of Representatives of the Republic of Indonesia for the 1987-1992 term, during his visit to the PRC in 1992. Several NPC deputies, who were led by the NPC chairman himself, visited Indonesia from 20 to 25 July 1993. The visit was the first by members of the PRC's highest legislative body, who were elected in March 1993. However, the House of Representatives of the Republic of Indonesia has yet to respond to the call for the establishment of the cooperation group.

Trade Minister Views Global APEC Role

BK2901093195 Jakarta ANTARA in Indonesian 2238 GMT 28 Jan 95

[FBIS Translated Excerpt] Davo, 28 Jan (ANTARA)—Hartato, coordinating minister for industrial and trade affairs, has reiterated that the APEC [Asia-Pacific Economic Cooperation] program is not aimed at only promoting economic growth in the region; it is aimed at promoting global economic growth as well.

"APEC has refused to become a trade bloc. Its orientation is toward expanding regional cooperation," he told a panel discussions on the future of APEC, organized by the 25th World Economic Forum (WEF), in Davos, Switzerland, on Saturday.

Hartarto said one of the programs that was adopted by the Bogor Declaration was to create a free trade area in the Asia-Pacific region by the year 2010 and among developing countries by the year 2020. The difference in the time table, he said, was to give the developing countries an opportunity to catch up with the progress made by the developed countries, which also reflected their determination to cooperate with other APEC member countries. [passage omitted]

Responding to questions from forum participants, Hartarto reaffirmed Indonesia's rejection of any linkage of environmental issues with trade. [passage omitted]

Hartarto said that Indonesia had adopted the constructive approach method in its relations with the PRC and taught that country to be associated with the GATT and WTO [World Trade Organization]

The PRC is a big country that should not be left out, Hartarto added. [passage omitted]

Minister Regrets Christian Group's Action

BK0802042395 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 7 Feb 95

[FBIS Translated Text] The government has expressed its regret over the action of B.P. Simorangkir, a clergyman of the Huria Batak Protestant Christian group, which may undermine religious harmony. In its press release today, the Legal and Public Relations Bureau of the Religious Affairs Department said Religious Affairs Minister Tarmizi Taher expressed the government's regret when he was visiting Bandung on a tour during the fasting month of Ramadan. The minister visited the Bandung Institute of Technology, the State Institute of Islamic Studies, the Teachers' Training College, the (Persib) Islamic boarding school, and the Army Training and Education Center.

The minister said the government also regrets the action of Sae Nababan, another Christian clergyman, who has disrupted the holy Ramadan month by staging a demonstration, which may lead to ethnic, religious, racial, and intergroup conflicts in West Java. The minister hopes that the internal conflict within the Christian group will not affect other religions. He also called on officials and Muslims in West Java not to be provoked by the demonstration and to maintain the sanctity of the month of Ramadan.

Home Minister Discounts 'Political Trauma'

BK0802042595 Jakarta SUARA KARYA in Indonesian 7 Feb 95 p 3

[Passages in italics published in English]

[FBIS Translated Excerpt] Jakarta (SUARA KARYA)—Home Minister Yogie S.M. said the issue of the recalling of a political party member from the legislative council can be executed if the member commits an offense. Besides, the recalling will not cause any political trauma within a democratic society.

Yogie, who spoke to reporters on the issue of the recalling of a legislative member after attending a working session with Parliamentary Commission II at

Parliament House in Jakarta on 6 February, said: "We should take into consideration the type of offense. If I am insubordinate, then I should be punished."

According to him, the factors governing the offense committed by a legislative member should be given consideration in connection with the recalling. He firmly stated: "If I have committed an offense, then action should be taken against me. But no action should be imposed on me if I have done nothing wrong." Yogie considered that the decision to recall the legislative member was legitimate.

However, Yogie gave a reminder that no final decision has been taken regarding the recalling of Bambang Warih, the Functional Party legislative member. He said: "No final decision has been taken yet." He added that the issue of the recalling should be first debated among cabinet members in accordance with the existing regulations.

As an upholder of internal politics, the home minister said the incident which occurred within the Golkar [Functional Group] will not have any negative impact on Pancasila democracy. He also said the incident will not cause any political trauma that can hamper the process of democracy. He stated firmly: "No, it will not give rise to any political trauma." [passage omitted]

Philippines

Ramos Discusses PRC Ships in Disputed Area

BK0802095495 Quezon City PTV-4 Television Network in English 0711 GMT 8 Feb 95

[Weekly news conference by President Ramos with foreign and domestic correspondents, moderated by Government Press Secretary Jesus Sison, at Malacanang Palace in Manila—live]

[FBIS Transcribed Excerpt] [Ramos] Ladies and gentlemen, let me first make a few announcements, and I think this is newsworthy to you. This is in regard to the verified increase in activities by foreign elements within the Kalayaan Island Group, KIG.

The Department of National Defense [DND] has verified that vessels from the People's Republic of China are presently in the vicinity of Panganiban Reef in the Kalayaan Island Group. Certain structures have also been built on Panganiban Reef, and we have pictures of these. The DND has also reason to believe reports that, although they were not harmed, a group of Filipino fishermen were detained by these Chinese forces.

The Philippines views these actions taken by elements identified with the People's Republic of China as inconsistent with international law and the spirit and intent of the 1992 Manila ASEAN Declaration on the South China Sea, to which both the Philippines and the People's Republic of China are parties.

Accordingly, I have given instructions to the Department of Foreign Affairs [DFA] to take appropriate diplomatic action on this. A very firm aide memoire has in fact been delivered by our Department of Foreign Affairs to the Chinese ambassador here in the Philippines.

While this is of course a matter of serious concern, there appears to be no immediate danger to Filipinos in the Kalayaan Island Group and nearby provinces.

We have briefed the chairmen of the Senate Foreign Relations Committee and the House Foreign Affairs Committee on this matter, and they expressed their support for our actions.

As the South China Sea question is related to the maintenance of peace and stability in the region, our efforts will be conducted in the spirit of the Manila ASEAN Declaration on the South China Sea of 1992, during our term.

The Manila ASEAN Declaration on the South China Sea, which was adopted by the ASEAN countries and subscribed to by all the claimants of the South China Sea, prescribes the peaceful resolution of all issues related to the conflicting claims in the South China Sea.

I would like to reiterate that this is not just a bilateral concern of the Philippines but a multilateral concern of all claimants and parties interested in the stability of the South China Sea and the East Asian region as a whole.

I would like to reiterate that in all of my discussions with world leaders—both from the nations that have claims, and the nations that are interested in the area—I have always advocated the spirit and substance of the 1992 Manila Declaration by ASEAN on the South China Sea. And I have always been heartened by their positive response and support. I am confident that they will resolve this matter in this spirit.

You may recall ladies and gentlemen, that yesterday I directed the National Security Council [NSC] to be convened on the 15th of this month and that the agenda items will include a review of the situation in the Kalayaan Island Group and second, a review of the security situation in the South China Sea area, as well as in Asia- Pacific as a whole, and other matters. [passage omitted]

[Sison] Cardie Lobo?

[Ramos] Okay, buddy.

[Lobo] Good afternoon Mr. President. I was just wondering, sir, you mentioned that the Department of National Defense confirmed the presence of PRC vessels in the Kalayaan Group of Islands. Was the report of the DND specific as to whether these were commercial vehicles or military vehicles, I mean vessels?

[Ramos] The initial photos were too blurred and from too far away that the nature of the vessels could not be immediately ascertained. But I ordered a more thorough photo reconnaissance of the area, and we did come up with pictures of ships that look like warships because of what look like armament on the decks of these ships. But this particular aspect of those vessels is still being verified by other means.

[Lobo] Aside from that, sir, was there any other report aside from the incident over the detention of the Filipino fishermen? Were there any other incidents like near clashes between the Filipinos and Chinese?

[Ramos] No. There had been no violence, no firing. no provocative incidents other than the fact that the photo showed new structures in the area, apparently built on coral reefs, because these are stilt-supported structures. There's also the account of fisherman Alipustain of Batangas who has come around and given his eyewitness report. And we also have our photo reconnaissance people continuing their missions, as long as weather permits.

[FBIS Transcribed Excerpt] [Lobo] Thank you, Mr. President.

[Unidentified correspondent] Good afternoon, Mr. President. We make no bones about the capability of our armed forces. In the event that we discover the presence of the Chinese on Kalayaan Island, and meaning to say that they have disregarded the Manila Summit. Is it, ... are we in a position to invoke the Mutual Defense Treaty with the United States?

[Ramos] No. There is a process that we follow under this declaration that I have mentioned, as well as under our rules of friendly international intercourse. That is why, the first step was to inform by way of this aide memoire, as well as by a personal interview of our DFA people with the Chinese ambassador in the Philippines, Ambassador Huang. And this all has already taken place. And then the continued talks under again, the rules of diplomatic protocol so that we can continue to preserve peace and settle the differences in a peaceful and civilized way as mandated under the Manila ASEAN Declaration of July 1992. [passage omitted]

[Unidentified correspondent] May we know if the report of the DND also included any, of any indication that [pause] of any naval buildup or base in the area?

[Ramos] That's why we have this continuing photo reconnaissance. It's a very friendly effort using cameras like yours, maybe a little more capable. And by the eve of our NSC meeting on the 15th, we hope to get more data about all of this.

[Unidentified correspondent] Thank you, sir.

[Unidentified correspondent] Good afternoon, Mr. President. Sir, on the Spratlys again. Have you verified of other intrusions by other countries, by naval forces of other countries other than China?

[Ramos] This is the only one so far that we know of.

[Unidentified correspondent] Second question, sir. Were there any special instructions for Western Command, like beefing up the garrison in Kalayaan, or special? [question as heard] [Ramos] Yes, there were, but we will not tell you now about what these are.

[Unidentified correspondent] It's something like a buildup on our side?

[Ramos] We will not tell you about this at this time. [passage omitted]

[Lobo] [passage omitted] Mr. President, Malacanang confirmed that you are visiting Europe and also London, maybe to visit the queen?

[Ramos] That's correct.

[Lobo] Mr. President, can you give us some specific economic and diplomatic relevance of this planned trip?

[Ramos] Well, it's all in the statement issued two days ago. But in the Netherlands, you have there the Shell group of companies. And as you know, Shell is one of the biggest investors in the Philippines. In fact, the other day, we just opened up the \$667 million expanded new refinery of Shell. It's not groundbreaking, it's switching on the operations of that plant. And they did it in 12 months. And that's where they are in the Netherlands. And we hope to have also what we call a roundtable of the leading business groups that are in that area and which are represented in the Philippines.

Then, we'll also visit the United Kingdom. And there, you have such groups again as, [pause] oh, there's so many of them—British Gas, again Shell, you have the trading companies, you have the big banks and investment houses. And again, we will have at least four roundtable conferences with economists and industrialists. One of them is being organized in fact by San Miguel Corporation.

Then, we go to Denmark for the World Social Development summit, in which there will be many heads of government and heads of state representing their respective governments. And we will all be given a chance to speak about our country programs.

I have also planned a trip to Turkey and Iran, which are important countries in the OIC, the Organization of Islamic Conference. This organization has been very helpful to the Philippines in our peace process. There are also Filipino communities there that have not been reached at all.

Again, economic and cultural linkages will be given top priority because that's the name of the game out there. [passage omitted]

Thailand

Editorial Sees U.S. Retreat on China Dispute BK0802134295 Bangkok MATICHON in Thai 8 Feb 95 p 2

[Editorial: "Trade War"]

[FBIS Translated Text] The trade problem between the United States and China is an international economic relations issue which should be followed to see if the two countries will really embark on a full-scale trade war by imposing as high as 100 percent tariffs on each other's products. The two countries already declared their intention to wage this customs duties war if they could not reach a compromise by 26 February.

The origin of this possible trade war is the continued failure of trade negotiations between China and the United States over the latter's demand for China to protect its intellectual property. Many products are manufactured in China that imitate U.S. products, such as compact discs, video movies, Microsoft computer software, books, medicines, and other goods which violate U.S. trademarks. These products are not only sold in China, but also exported to other countries to compete against genuine U.S. goods.

After the United States declared its intention to impose punitive customs duties on Chinese products, China has retaliated by saying nonchalantly that it would counter in an-eye-for-an-eye manner. A senior Chinese official said China would trade with other countries instead of the United States. The harsh position that has resulted has caused concern in international circles, which fear that the problem between China and the United States will send repercussions that will hamper world trade at a time that the world is placing emphasis on free trade by reducing tariff barriers.

Hong Kong is likely to be affected the greatest by the U.S.-Chinese trade dispute because Hong Kong businessmen make up the biggest group of investors in China in products which are exported to the United States. There are also Thai investors in China whose plants produce goods for export to the United States. These investors will be hurt if the trade war really occurs. They are now probably mapping out strategies to ensure survival in case of the trade war.

In any event, some observers do not think a trade war will take place, believing a compromise can be reached between the United States and China. In the past, China used its lobbyists to great effect to pressure the United States. The United States will have to thoroughly weigh the gains it has from China, whose population exceeds one billion. Population-wise, China is a huge market from where U.S. investors have been reaping profits. Looking from this angle, the United States will probably seek a compromise with China rather than adopt a rigid position. For this reason, a solution is likely to be reached before 26 February.

Chinese Dailies Comment on Sino-U.S. Trade War

BK0802091495

[FBIS Editorial Report] Two Bangkok Chinese dailies— XIN ZHONG YUAN RIBAO and ZHONG HUA

RIBEAO—on 6 and 7 February respectively carry editorials commenting on the Sino-U.S. trade disputes.

XIN ZHONG YUAN RIBAO's 6 February 600-word editorial on page 1 is entitled: "Both Sides Suffer From Trade Sanctions; Only Good Terms Help Generate Wealth." The editorial says that "after U.S. Trade Representative Mickey Kantor announced trade sanctions against China in Washington on the evening of 4 February, the spokesman of the Chinese Foreign Trade and Economic Cooperation Ministry made a prompt response by announcing counter-retaliatory measures against the United States, causing a trade war between China and the United States following the collapse of talks over the intellectual property right protection issue."

The editorial says that the sanctions represent the largest retaliation ever taken by the United States. The United States has never retaliated against any country after it announced the Special Trade Article 301 in 1989. Beijing becomes the first victim of this article. However, the United States is still leaving some room for adjustment. It announced an imposition of 100 percent import tariffs on one billion U.S. dollars of Chinese goods, not 2.6 billion as it had threatened earlier. Moreover, the sanctions will take effect from 26 February. So, both China and the United States still have an opportunity to resume their talks during this period to find a solution.

The editorial adds that although the Chinese side made a prompt response to the U.S. sanctions, its position is still largely a restrained one. It hopes that "based on broad mutual interests, China and the United States will seek an appropriate solution to the problem through consultations." "All in all, Beijing is still willing to sit at the negotiating table and does not want to see a major setback in Sino-U.S. relations." So, if the United States agrees to continue the talks, Beijing may make concessions. The United States should stop going too far in its demands and refrain from seriously encroaching on China's sovereignty and national dignity.

In conclusion, the editorial says: "The Sino-U.S. trade war will escalate if the Americans continue to persist in their demand because this will lead to adverse consequences. In that case, the U.S. losses will be not less than China's. So it is better for both sides to remain on good terms and enjoy benefits rather than suffer losses."

ZHONG HUA RIBAO's 7 February 600-word editorial on page one is entitled: "China and the United States Can Still Avoid a Trade War." The editorial says that "a trade war between China and the United States will break out if these two big trading partners in the world fail to reach a compromise before 26 February." The editorial also reviews details of the U.S. sanctions against China and the Chinese counter-retaliatory measures.

The editorial notes that while announcing the U.S. trade sanctions, U.S. Trade Representatives Mickey Kantor

invited China to resume the talks. The spokesman of the Chinese Foreign Trade and Economic Cooperation Ministry also called on the United States to abandon its wrong stand on the intellectual property rights issue and adopt a positive and constructive position to help find an appropriate solution by taking into account Sino-U.S. relations. Although both sides expressed a tough attitude, the statements by Mickey Kantor and the spokesman of the Chinese Foreign Trade and Economic Cooperation Ministry still indicates that there is some room for a settlement. The two sides still have a chance to resume their talks within three weeks. After reviewing the failure of the talks over intellectual property rights, the editorial says that most analysts in Hong Kong and Taiwan think that a trade war will not take place because both sides would suffer great losses from such a war. A trade war would also have an adverse impact on political relations between the two nations.

In conclusion, the editorial says that "it is still possible for China and the United States to find face-saving measures to avoid a trade war. According to the latest news reports, China has accepted a U.S. proposal that the trade talks be resumed in Beijing next Monday."

Closer Economic Cooperation With PRC Noted BK0802091295 Bangkok ZHONG HUA RIBAO in Chinese 6 Feb 95 p 10

[FBIS Translated Text] The bilateral trade volume between Thailand and China reached a record high of 45 billion baht in 1993.

According to a report, bilateral trade between Thailand and China has improved remarkably in recent years. The bilateral trade volume between the two countries in 1993 was \$1.8 billion, or 45 billion baht, an increase of 40 percent. In addition, Thailand ranks as the eighth largest investor in China. The report says that China mainly buys rubber, rice, sugar, steel, maize, TV tubes, and canned food.

Economic cooperation between the two countries has developed rapidly. According to a Chinese estimate, 1,826 Thai companies have invested \$3 billion in China.

PRC's Ni Zhifu Postpones Visit

BK0702133795 Bangkok XING XIAN RIBAO in Chinese 7 Feb 95 p 8

[Report by Liu Zhenyan]

[FBIS Translated Text] A parliamentary source said yesterday that Ni Zhifu, vice chairman of China's National People's Congress [NPC], has postponed his official visit to Thailand scheduled for this month. The postponement may be related to the health of paramount leader Deng Xiaoping.

According to the source, China has just informed the Thai Parliament that some "internal issues" had not enabled Ni Zhifu-led NPC delegation to pay the official

friendly visit at the invitation of Thai Parliament President Marut Bunnak scheduled between 12-19 February.

Ni Zhifu, now 62 years old, was once chairman of the All-China Federation of Trade Union. His visit to Thailand has been postponed twice.

Earlier, the Beijing authorities, citing "internal problems," postponed Chinese President Jiang Zemin's official visit to Thailand, which is scheduled to take place in the middle of this year.

Jiang Zemin planned to attend the celebrations in Bangkok on 1 July to mark the 20th anniversary of the establishment of Sino-Thai diplomatic relations. Some Bangkok observers thought that the postponement might be linked to Deng Xiaoping's deteriorating health.

State Councilor Li Tieying also postponed his visit to Japan scheduled this month by citing the same reasons.

Details of Rice Deal With DPRK Outlined

BK0802045395 Bangkok BANGKOK POST in English 8 Feb 95 p 19

[FBIS Transcribed Text] The Cabinet yesterday approved two deals for Thailand to sell 300,000 tons of 35 percent white rice to North Korea on credit terms, but there will need to be further negotiations, according to Deputy Commerce Minister Chaiyot Sasomsap.

He said, the first 100,000 tons, the sale of which was finalised recently, will be delivered in April. North Korea must first settle its debt to Thailand, repayment of which is due early this year, for the purchase of 100,000 tons of rice last year.

Although the deal was finalised, it still needs Cabinet approval because it is a credit sale.

The chairman of the Korea External Economic Commission, Li Song Dae, had met Mr Uthai and insisted that North Korea still wanted to buy another 200,000 tons of 35 percent white rice from Thailand. The Ministry therefore asked the Cabinet to approve the credit sale.

North Korea wanted Thailand to buy some products such as hot-rolled steel, zinc and portland cement in return for the rice. The Thai side said it would take some products from North Korea depending on private sector demand.

However, the deals to sell these 300,000 tons of rice to North Korea have not yet been completed, and the Export-Import Bank of Thailand will consider a credit guarantee.

Cabinet Approves Tax Pact With South Africa

BK0802080695 Bangkok Radio Thailand Network in English 0000 GMT 8 Feb 95

[FBIS Transcribed Text] The Cabinet yesterday approved the draft convention for the avoidance of

double taxation between Thailand and South Africa. The Ministry of Foreign Affairs was entrusted to sign the convention on behalf of the Thai Government.

The convention will cover those whose domiciles are in Thailand or South Africa or both. It will be enforced with the tax collected from the income base. Thailand will greatly benefit from the convention, which will eliminate international investment obstacles to a certain extent. The avoidance of double taxation will help reduce production costs for Thai investors. The convention will promote the relocation of capital funds and technology from one country to another. It will enhance trade relations, promote tourism business, and strengthen diplomatic ties between Thailand and South Africa. Moreover, the convention will enhance Thailand's role in competing with neighboring countries in this region of the world.

Cabinet Approves ITCB Membership

BK0802080495 Bangkok Radio Thailand Network in English 0000 GMT 8 Feb 95

[FBIS Transcribed Text] The Cabinet yesterday approved the proposal by the Ministry of Commerce for Thailand to join the International Textile and Clothing Bureau, or ITCB, from this year onward.

As a member of ITCB, Thailand will receive up-to-date information to be used in negotiating with major textile importers, especially during the period when all countries are adjusting themselves to the World Trade Organization system in the next 10 years. In case Thailand is in dispute with a textile importer and the issue has to be brought up to the textile monitoring body, Thailand can seek support from other members of the ITCB, most of whom are also members of the textile monitoring body.

As Thailand is categorized in the program of cooperation among developing countries and exporters of textile and clothing, it can sign an agreement on the participation in the ITCB followed by a ratification. Thailand can also sign such an agreement without any ratification.

Impact of Amended Alien Business Law Examined BK0802044095 Bangkok THE NATION in English 8 Feb 95 pp A1, A4

[FBIS Transcribed Text] Local architects, retailers and tour operators will have up to four and a half years to adjust their business strategies to prepare for direct competition with foreign companies after the amended Alien Business Law is adopted, the chairman of a committee amending the law said yesterday.

Surakiat Sathianthai said the amendment would allow foreign corporate entities full participation in the service sector.

The amendment bill is now awaiting consideration by the Cabinet and the House after passage by the joint public and private sector committee on Jan 19.

The objective of the new law is to lift restrictions against foreign corporations in the service sector.

Although foreign corporate entities would be allowed 100 per cent holdings in the sector, conditions governing expatriate positions within the companies is not specified in the amended law.

Surakiat said if the amended bill were to sail through Parliament during the upcoming session, it should become operational by July.

Surakiat, also dean of Chulalongkon University's Law Faculty, said once the amended bill becomes law, it will allow foreign entities full ownership of service businesses, including retailing, transportation and management.

Full foreign investment, however, will initially be conditional on no complaints being filed against the new law for two years after it comes into effect.

Speaking at a seminar yesterday entitled "The Impact on Local Architects from the General Agreement on Trade in Services (Gats)", Surakiat said if the government received a petition from a private sector business complaining of injury as a result of the amended bill, the new law would enable it to organize a public hearing on the case.

If the hearing concludes that the business would fail in the presence of direct foreign competition, the government might consider extending the protection on that service sector for another two years.

"The transitional phase of four and a half years should be enough for local businesses to survive the liberalization requirements of the Uruguay Round," he said.

Surakiat said the amended bill would mark the first piece of Thai legislation to accommodate the public hearing process in its legal procedures.

"Therefore, the new law is not the end of the world. It can be changed later on if it fails to meet the interests of local business people," he said.

The Gatt-sponsored Uruguay Round of multilateral trade talks, which was concluded in December last year, requires its members to lift restrictions on the service sector, in addition to the tariff cut requirements.

In anticipation of the implementation of Gatt (General Agreement on Tariffs and Trade), the Thai government is changing the Alien Business Law, or Revolutionary Council Announcement Number 281, which prohibits foreigners from holding more than 49 per cent interest in service businesses. The change is aimed at creating a fair business environment for all interested investors.

Surakiat said the amended version would classify businesses into only two groups. The first group would continue to be protected from foreign majority-owned competition. Protected businesses include industries which relate to culture and food security, such as plantations, as well as hair cutting and Buddha image casting.

The second group, however, would be subject to direct competition against foreign firms. The list covers retailing, palm oil extraction, paper production, tourism, management, entertainment, architecture, the derivative finance market, construction and all kinds of transportation activities.

Central Bank To Grant 14 New Bank Licenses BK0702055095 Bangkok THE NATION in English 7

Feb 95 pp A1, A4

[Report by Charuwan Loetwinyu]

[FBIS Transcribed Text] The Bank of Thailand announced yesterday it will allow 14 new banks to open their doors to the public for the first time in more than three decades, the bank's governor said yesterday.

Seven new banks will be upgraded from current bank branches under the Bangkok International Banking Facilities (BIBF) while the remaining seven licences will be given to new domestic banks, Wichit Suphinit said.

The licences are expected to be issued in 1996, with the banks either opening later in the same year or in 1997.

Three new licences will be awarded to Japanese banks and four to banks from the United States, Europe, Australia and China, according to Roengchai Marakanon, the central-bank's deputy governor.

The new domestic banks will be those upgraded from finance companies. But the existing 15 banks will not be permitted to hold stakes in these selected finance companies. A grace period will be given to allow the banks to pull out of the market if necessary.

Wichit said the openings of new banks, as well as the additional grant of BIBF licences, "are all part of the master plan".

"There will be a final meeting before Finance Minister Tharin Nimmanhemin submits the issue to the Cabinet by the third week of this month," he said.

Roengchai said the reasons the bank increased the amount from the earlier proposed figure of five—as agreed under the General Agreement on Tariff and Trade (Gatt) terms—to seven were threefold.

More licences have to be granted, said Roengchai, to accommodate geographical distribution, the business volume in the country and Thailand's own desire for its national banks to be able to open overseas.

Among the current 22 BIBF bank branches, three out of five Japanese banks rank at the top since the BIBF debut in 1992.

Mitsubishi Bank ranked first as the most active BIBF branch, granting as much as US\$1.87 billion (Bt46.75 billion) [Thai baht] in loans, followed by the Sanwa Bank and Industrial Bank of Japan, whose outstanding loans record were US\$164 billion (Bt41 billion) and US\$1.6 billion respectively.

"We could not afford to ignore China over the licences," he insisted, "because we also want our banks to open there." The Bank of China currently records a modest business volume among the foreign bank branches under the BIBF.

On the contrary, Japanese bank branches under BIBF are very active in building their business volume in the dire hope to be upgraded into full banking status.

Aside from Mitsubishi Bank, Sanwa Bank and Industrial Bank of Japan, the other two Japanese branches are the Long-Term Credit Bank of Japan and Sumitomo Bank. All the five Japanese branches were chosen by Japan's Ministry of Finance to receive a BIBF licences two years ago.

Of the seven new domestic banks, the licences will be given mainly to former finance companies.

"The birth of new domestic banks is our priority before we go on to offer new bank licences to the seven foreign BIBF branches. The launch for BIBF licences for the second round of the upgrading is our third priority," Deputy Governor Roengchai said.

The three steps are to be implemented as soon as possible, probably next year, he added.

According to Roengchai, the conditions set for new domestic banks will be more practical in terms of the size of registered capital and shareholder structure.

Concerning the size of registered capital, Roengchai said the central bank has yet ruled whether it will be Bt5 billion or Bt10 billion. "If the future bank is set with Bt10 billion and stays idle, it would be useless," he said.

He also commented on last year's phenomena which saw big finance companies rush to increase their registered capital hoping to qualify as a bank, saying it was "unnatural".

Chaiwat Wibunsawat, senior assistant governor, said the shareholder structure which prohibits current commercial banks owning a stake in future banks "could be relaxed"

The relaxation will mostly apply to finance companies which are upgraded into banks. Commercial banks which currently own stakes in large finance firms can still hold on to them, "but must faze them out step by step until zero is reached".

Roengchai, meanwhile, expected that more Japanese banks would apply for the second round of BIBF licence approval. Despite the active presence of Japanese bank branches in Thailand, Fuji Bank Japan's largest bank, has yet to establish a foothold in Thailand.

Minister 'Concerned' About Financial Plan

BK0802044495 Bangkok BANGKOK POST in English 8 Feb 95 p 28

[FBIS Transcribed Text] Finance Minister Tharin Nimmanhemin is concerned that the Financial Master Plandraft, to be completed this month, cannot be fully implemented within three years from 1995-97 as stipulated in the plan.

The committee drafting the plan, chaired by Mr Tharin, is not sure that the three-year implementation period can be adhere to as several laws have to be amended in line with the master plan, an informed ministry source said.

According to the master plan draft, at least four laws have to be amended.

The first one is the law governing commercial banks. The master plan states that the amended legislation must empower monetary authorities to supervise commercial banks more closely to ensure their stability. These include the power to approve appointment of senior executives of commercial banks to approve banks' internal control systems and to approve lendings to banks' subsidiaries.

The second law governs the finance and credit businesses. The master plan states that besides the power to instruct any financial company to increase or decrease its registered capital, the authorities should have the power to govern share allocations and to set ratios of risk assets.

The third law governs the securities and stock market. The master plan states that the law be amended to make enforcement more effective, to eliminate unfair trading and to ensure fair transaction and investment on the stock market.

The fourth law concerns the Bank of Thailand. The master plan states that the Bank of Thailand be authorised to have more power in implementing monetary policies and to develop the money market more effectively.

Moreover, the master plan would like to see other laws governing new financial businesses be enacted, including laws controlling credit cards, leasing business, factoring business, asset management, securitisation and money laundering.

Regarding the liberalisation of the country's financial market, the master plan states that it is necessary for Thailand to gradually permit foreign securities firms to open offices in this country to conform with international obligations.

During this implementation period, it is expected that some local securities firms will be strong enough to

invest abroad. The following measures for market liberalisation should thus be implemented:

- —Permit Thai and local firms to mobilise funds from the domestic capital market and to list on the stock market, and permit them to take out funds to abroad. This is a step to develop Thailand as a financial hub and to increase varieties in the stock market.
- -Permit securities firms to invest in securities in foreign markets.
- -Permit foreign firms to mobilise funds in Thailand by issuing baht debentures.
- —Permit foreign securities firms to operate business in Thailand.

The master plan states that as more foreign firms will be allowed to operate in Thailand, the competition would be fiercer. To strengthen the country's competitiveness and to accelerate financial development in the provinces, the authorities view that more financial institutions, including commercial banks and securities companies, should be allowed to set up.

For commercial banks, there will be three options: firstly, existing finance companies would be upgraded to be commercial banks; secondly, finance companies would be encouraged to become the core in joining with other non-bank businesses to set up new commercial banks; and lastly, freely allow any private business group, except those already operating banks, to set up new commercial banks.

The source said one of these options would be selected and implemented this year.

Concerning establishing new securities firms, the master plan says it would be part of a longer-term plan.

It was earlier reported that the Bank of Thailand preferred the option to upgrade finance companies to commercial banks first. It also plans to allow active foreign banks under the Bangkok International Banking Facilities scheme to open branches in Thailand. But this latter policy is not urgent.

Senior officials of the central bank yesterday denied that the Bank of Thailand had already decided to allow 14 new commercial banks to be set up with equal proportions between local and foreign banks. They said it is only a preliminary principle that permissions for new banking licences should be equal between foreign and local banks but the final figure has yet to be determined.

Police Official on Arrest of Khun Sa Followers BK0802034895 Bangkok BANGKOK POST in English 8 Feb 95 p 6

[FBIS Transcribed Text] The recent arrest by Thai police of 10 drug suspected of being members of a drug trafficking ring under drug warlord Khun Sa is reported to

have caused a sharp drop in the supply of heroin in the US market, the commander of Thai Interpol said yesterday.

Pol Maj-Gen [Police Major General] Amarin Niamsakun said the price of heroin in the United States has tripled, "which means that those men played a very important part in the international heroin trade."

Pol Maj-Gen Amarin was briefed on the current drug situation in the United States during a meeting with American officials from the Drug Enforcement Administration, the Federal Bureau of Investigation and the Office of the Coordinator for Counter-Terrorism.

He said the US team pledged to back police exchange programmes on anti-terrorism and drug suppression between the two countries.

Chat Thai MP for Nakhon Phanom [as published] Thanong Siriprichaphong is wanted under an arrest warrant issued in the wake of a US request for the Government to extradite him to stand trial on drug charges in that country.

The court will decide in 60 days whether to send Mr Thanong to fight charges in the United States, Pol Maj-Gen Amarin said.

Prospective Purchase of Submarines Examined

Navy Official Interviewed

BK0802054795 Bangkok MATICHON in Thai 5 Feb 95 p 10

[Interview with Vice Admiral Winai Intharasombat, deputy chief of staff of the Royal Thai Navy, by an unidentified MATICHON correspondent; place and date not given]

[FBIS Translated Text] [MATICHON] What is the purpose of the plan to buy submarines?

[Winai] The Navy had a plan a long time ago but never requested a budget because it realized that the acquisition of aircraft and surface ships must be made first. To make the Navy complete, three types of weapons are needed because the enemies have these three kinds of weapons for combat and for sea operations. We must strike a balance. Submarines are the best kind of weapons for suppression. We may not realize that fact because we have never had submarines. As a fact, we can prevent intrusions by as many as six to seven enemy vessels if we have one or two submarines.

We get our supplies of food, fuel oil, and weapons along sea lanes. We depend on imports because we do not have enough natural resources for local consumption. We import oil from Indonesia and the Middle East. About 95 percent of the engine parts that we import arrives by sea. We therefore need to protect our lines of communication as best we can, especially in time of war.

From observations, we have seen that submarine technology is remarkable. Submarines can tell the size of the ship's propeller and its revolutions per minute. Surface ships are at a disadvantage when exposed to submarines. And to counter submarines, we have to have submarines in service.

[MATICHON] How many submarines does Thailand need?

[Winai] We have budget constraints; we cannot buy as many as we wish. But we should have at least four submarines. Let us look at the Gulf of Thailand. We have long stretches of sea lanes from the port of Bangkok for the use of cargo ships. They should get protection from our ships against possible attack by an enemy. Meanwhile, we can always expect the presence of enemy submarines off the coast at a certain distance. As a principle, we should have our submarines stationed near the coast in readiness for the protection of fuel cargoes. One could be stationed at the Sattahip Naval Base; another at an area where we suspect an enemy presence. The second submarine would be underwater. Well, one of them may need repair, or refueling, or resupplying. In that case, we should have a third one on stand by and ready for operations. They would rotate for service in this manner.

In principle, we should have four submarines because, after one year of service, each submarine needs repairs in dry dock because of damage caused by rust and sea barnacles. It also needs a major repair to allow the crew to have some rest. Anyway, if Thailand cannot afford to have four submarines, three would be good enough; yet, four would be ideal.

According to the Navy's plan, we wanted to buy four submarines. However, due to budget constraints, we thought about buying two first, and then two later on. So far, no companies have approached us for any price quotations. All companies keep these secret because there is a competition among manufacturers and they try to cut prices.

What can be known now is an estimated cost—one submarine would cost about 6,000 million baht. So two submarines would cost us some 12,000 million baht. This price does not include torpedoes, spare parts, and weapons. Usually, we would buy spare parts for 6 years in advance. The cost of spare parts and weapons would amount to 3,000 million baht. That means we would have to spend 15,000 million baht for two submarines. In fact, the actual price is 14,000 million baht, but we have to add the training costs, plus seven percent of VAT. That amounts to 15,000 million baht altogether.

Again, there is a difference concerning the costs of submarines due to the payment period. We will have to pay one price if the length of payment is between three to four years, and another price if the period is extended to five to seven years. As with other projects, the procurement of submarines should be made over a 5-year

period. However, since the cost of submarines is very high and we do not have the money to pay in a short period of time, we would spread over a period of 6 to 7 years. In this case, the payment would not be too much of a burden for the Navy.

[MATICHON] What size of submarine is most suitable for service in the Royal Thai Navy?

[Winai] There are three sizes of submarines: small, medium, and big. A small submarine has a displacement of less than 1,000 tons. A medium size has a displacement of between 1,000 and 2,000 tons. And a big one has a displacement of more than 2,000 tons. The smaller a submarine is, the more difficult it is to be intercepted. A small submarine is not a destroyer, and it can only load a few torpedoes. If it is being used for an attack, a small submarine would be useless because once the torpedoes are fired, its location would be known to others. This is tantamount to suicide.

A medium-size submarine can take on about 12 torpedoes and a supply of food sufficient for a trip off the coast, say, from Sattahip, to the Strait of Malacca, to the Andaman Sea, and then back to the starting point. This is a trip of about 45 days. A medium-size submarine can make a trip from our eastern coast to Vietnam, and to other areas around the country. Thailand does not need to have big submarines because we are not a big power needing submarines with the capability of traveling long distances. What is good for us are the medium-size submarines—because the price is cheap, maintenance costs are low, and they are good enough for our operations.

[MATICHON] Which country's products is the Navy interested in?

[Winai] We have set our sights on the products of Germany, Sweden, and the Netherlands. We have studied submarine manufacturing worldwide—Sweden is building six for Australia and Germany is building more vessels for the United States. Submarines manufactured by England are being used in many countries. I did not mention other manufacturing countries because they did not propose a sale to us or offer us an inspection tour. We would go to have a look if invited by those wishing to sell submarines to us. Some countries did not bother to invite us to take a look at their products because they were not sure that we would buy them. They were also afraid that their secrets concerning the submarines and the capabilities of their navies would be revealed. Some countries, some companies, invited us because they have made an assessment and think that our project for buying submarines is a reasonably substantial one.

It is difficult to answer if you ask me which country's products are good. When we look at the engines, we feel that German products are better. However, when we saw the Swedish-made submarines, we realized that they are good in terms of weapons. So, if we decided to buy

submarines, we would have to ask them to supply us with the specifications of their submarines regarding the engines, weapons, and the sonar or radar systems. Afterwards, we would have to set up a committee to study the details offered by each company, or each country. The committee would rate them according to priorities 1, 2, or 3.

For the past 50 years, we have never had submarines in use. None of our officials in the Navy have a sound knowledge of submarines. They know only from books, which is superficial knowledge. None of them have ever had experience of a real submarine. So we have to make an assessment now that we are thinking about buying submarines.

[MATICHON] We have learned that Germany's Class-212 submarines are of interest to the Navy. Is it possible that the Navy would choose this type?

[Winai] This is the latest type of submarine being built in Germany for use in that country's own Navy. I think it is a good one. If we decide to buy the submarines from Germany, we can place an order in the 1996 fiscal year. We would get the submarine 5 or 6 years after the contract is signed. It takes a long time to build a submarine because it is not an easy job; it is quite complicated.

[MATICHON] What is your assessment of the situation in the region?

[Winai] U.S.-Russia confrontation ended after the collapse of the Soviet Union, and tension among small countries began to ease. They will turn to economic competition. Vietnam is an example of this. Thailand is no different. Although economic expansion has been going well, we have to continue to compete or lose advantages in the end. China is also expanding a great deal.

Competition will continue to grow, especially competition to find resources in the sea—crude oil, ore, natural gas, fish. All countries want to use these resources to strengthen their economies, which could lead to disputes because of the unsettled, overlapping economic zones in the sea. Thailand, Malaysia, Vietnam, and India each have their own claims. If valuable resources are discovered, such as oil or gas, a dispute could arise. For example, Cambodia thinks it owns gas which we are drilling for in the Gulf of Thailand. It wants another country to do the drilling.

Minor issues involving economic interests could lead to disputes. It would not have to be a big dispute. It could involve ships exchanging fire. The allies of the disputing countries would try to mediate and encourage a negotiated settlement. The scale of the conflicts would be small. We have had disputes with Malaysia over fishing in its territory. Fishing boats were seized and destroyed and some crews were imprisoned. The same situation has occurred with Burma. An accumulation of these

incidents could lead to the use of force some day. Any country wanting to use aggression against us would think again if it does not know the locations of our submarines.

I know that Malaysia and Singapore are in the process of acquiring submarines. Singapore is in the process of buying some from Germany. We learned this from the selling company and the military attache. The purchase process will begin soon.

Other countries operating submarines are India, Indonesia, Pakistan, Japan, Korea, and China. Vietnam does not have any submarines; it relies on the Army, as it did in in South Vietnam, Cambodia, and Laos. I think one day Vietnam will have a submarine when it has enough money. The same with us; we have wanted to have submarines for some time but have not been in the market due to lack of funds.

[MATICHON] How much support do you think you have from the government or other relevant agencies for the submarine project?

[Winai] As far as I know, the Commerce Ministry has no objection. It asked that the counter-trade system be used in the purchase so that the selling country will buy our products, such as tapioca and natural rubber. I don't think there is objection from other agencies, particularly the Budget Bureau, because we would use our own budget, not a special allocation. We understand the budgetary constraints. Even if we ask for a special allocation, the government has no money to give.

[MATICHON] Why are several circles saying that the Navy is not ready to operate a submarine?

[Winai] It could be that they do not have enough information. The Foreign Ministry asked the Navy to explain; now it understands.

[MATICHON] What if the government does not approve the project?

[Winai] After giving the matter some consideration. the Navy knows that a submarine is worth the price and is valuable to it. If it cannot get a submarine this year for some reason, we will keep asking in the coming years. However, the longer we wait, the higher the price will be. It is now a buyer's market. The seller appears to be in agreement with our counter-trade proposal. It is in this period that the seller wants to sell because without the contract it will have to reduce its work force. Some plants will even have to close. It is very difficult for a company which has closed to reopen; the workers will have lost certain skills. So this period is one which is beneficial for our country.

[MATICHON] Do you have alternative projects if the submarine project fails?

[Winai] There are several projects. We want mine sweepers. We acquired some surface ships in the past decade, such as six frigates from China, an aircraft carrier from Spain, and [word indistinct] ships from the United States. To an extent, there are enough mine sweepers. There should be more surface ships and aircraft. However, we have no submarines. Since we are short of three types of vessel, we want to buy submarines because they are more useful.

The committee studying submarine procurement, headed by myself, is gathering information on submarines operated by different countries to compile specifications for the one or two submarines which the Navy wants to buy. This is in order that the manufacturers will know the tonnage, engine, sonar, and capability specifications that we want. Once the manufacturers submit their proposals, we can make a purchase. The specifications tell us the submarine's range, diving depth, supply size, and fuel tank capacities.

Once the cabinet makes an approval, my job will end. A committee will be formed—the procurement committee, which could also include a Navy policy group to make the final decision. Only admirals are in the group. The group already exists. These senior officers will make the selection for reasons of fairness.

Army's Wimon Wongwanit Comments

BK0802034695 Bangkok BANGKOK POST in English 8 Feb 95 p 3

[FBIS Transcribed Text] The public should be confident that preparation of the national armed forces is done for national security, said Army Commander-in-Chief Wimon Wongwanit.

Gen Wimon was referring to the Royal Thai Navy's plan to procure two submarines costing about 17 billion baht.

"Although there are fewer wars now, this does not mean that they will no longer exist. Arms procurement is required for self-defence as wars are continuing worldwide," he said.

The army chief said yesterday he believed that the Navy had truly realised the necessity of submarines. The Army would do the same for similar arms which it thought would be essential for the future of the country, he said.

Each arms acquisition would have to undergo careful consideration of a procurement committee, Gen Wimon stressed.

The submarine procurement would resort to a regular budget allocated to the Navy and no extra money was being sought for the plan, he said.

This was the same for the Army which had plans to bus armed helicopters under its regular budget, he said.

In this case, Budget Bureau chief Bodi Chunnanon said the bureau was trying to put the budgets of armed forces within the Government's framework of debts. Any decision on submarine acquisition would depend on the Cabinet he said.

Supreme Commander Sees Need

BK0702063495 Bangkok THE NATION in English 7 Feb 95 p A4

[FBIS Transcribed Text] Supreme Commander Watthanacha Wutthisiri has thrown his weight behind the Navy's submarine acquisition project, saying the country would be adverse affected in the next five years if it had no submarines.

"According to analyses, it is quite certain that there will be marine problem because most of our natural sources are in the sea. If we have no strong armed forces, we may regret it in the next five years when we are defeated in marine battles," he said.

The supreme commander was speaking at a seminar entitled "The Role of the Thai Armed Forces in the Age of Globalization" organized by the Applied Psychology Institute and the Applied Psychology Association of Thailand.

Gen Watthanachai said the Navy has explained that it needs submarines because other countries in the region already have such vessels and Thailand must have equal, efficient weapons.

Although submarines are expensive, the government doesn't have to pay the total cost of about [Thai baht] Bt1.5 billion all at once, he said, adding that he agrees with the Navy's project.

"I think the Navy needs to have submarines. It doesn't want to have many submarines, only two. They are the ones who operate (the Navy), so they should know," Watthanachai said.

"We are on land, so it's not right for us to complain that submarines are useless. We may not need submarines at present, but we could have the chance to use them in the next five years".

The Navy has reiterated its need to acquire the two submarines worth Bt1.5 billion to defend Thailand's waters, but Prime Minister Chuan Likphai said the government must give priority to educational development projects.

Gen Watthanachai said education and the armed forces should be developed at the same time, because the country can't lack one or the other.

"It is like the human body. Everything must be in balance. You cannot have a good brain but emaciated arms and legs. If we lack certain parts, we may regret it later," he said.

He said he believes Defence Minister Wichit Sukmak and Premier Chuan will understand the need for the country to have submarines, but added that the military will not force the government to approve funding for the plan.

"It's up to the Cabinet; the Navy will not complain," he said.

Vietnam

Buddhist Council 'Strongly' Condemns Dissidents

BK0802073995 Hanoi VNA in French 0600 GMT

8 Feb 95

[FBIS Translated Text] The Vietnamese Buddhist Church has grown steadily within the nation, the Executive Council of the Vietnamese Buddhist Church affirmed at a recent meeting.

The Executive Council strongly condemned those who had intentionally violated the Buddhist Constitution and sabotaged solidarity among Buddhists and national unity.

Venerable Kim Cuong Tu, vice chairman of the Executive Council, revealed that Vietnam currently has 24 primary and secondary schools, two institutions of higher education, and two institutes of research on Buddhism that have trained hundreds of thousands of Buddhist monks and nuns. Moreover, the Executive Council of the Vietnamese Buddhist Church has sent devotees for overseas study.

Several followers of the Vietnamese Buddhist Church have contributed to philanthropic activities by providing aid to flood victims in the Mekong Delta and Red River provinces. They have also participated in Red Cross operations to assist the handicapped, orphans, and the elderly. They have taken part in the activities of Asian and European Buddhists, said the vice chairman.

In the wake of the liberation of South Vietnam, the Vietnamese Unified Buddhist Church (South Vietnam) and the Vietnam Unified Buddhist Church (North Vietnam) held a congress during which the two organizations merged to form the Vietnamese Buddhist Church in 1981. Venerable Thich Tri Tinh of the South Vietnamese Unified Buddhist Church became the chairman of the new organization.

Venerable Thich Thanh Tu, deputy secretary general of the Vietnamese Buddhist Church Executive Council, also stressed that monks and nuns in various provinces and cities have actively participated in charitable activities, donating nearly 4 billion dong (about \$400,000) to flood victims and more than 10 billion dong (about \$1 million) to war invalids and the families of fallen combatants. Buddhists have opened 20 traditional medicine clinics in several provinces to take care of thousands of patients and have distributed herbal medicine worth nearly 500 million dong (about \$500), he said in conclusion.

Premier Urges Better Public Complaint Resolution

BK0802045895 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 7 Feb 95

[FBIS Translated Text] The prime minister recently issued a directive calling for an intensification of efforts to settle public complaints and denunciations.

The directive says: In compliance with an order issued in 1991 governing the settlement of citizens' complaints and denunciations, various echelons and sectors have provided guidance and effectively settled many cases of citizens' complaints and denunciations. In reality, however, this task is still fraught with difficulties and short-comings. There have been many cases where citizens filed complaints and denunciations at a higher echelon than they should have. Efforts by various sectors and echelons to settle these complaints are still very slow.

To overcome these difficulties and shortcomings and to settle citizens' complaints and denunciations in a timely and effective fashion, the prime minister hereby directs that cabinet ministers and heads of ministerial-level organs, heads of government agencies, and chairmen of people's committees of provinces and cities under the direct jurisdiction of the central authorities must, within their power, provide personal guidance for the prompt consideration and settlement of complaints and denunciations from people in their branches and localities so as to answer or make decisions regarding these complaints and denunciations as stipulated by law.

The heads of various grassroots administrative echelons as well as agencies and enterprises under the direct jurisdiction of various ministries and sectors and those authoritative organs must be responsible for considering and issuing decisions to settle citizens' complaints and denunciations from the outset in accordance with their authority. Under no circumstances are they allowed to refuse to answer complaints or refer these cases to other agencies, as this will amount to passing the buck.

Regulations on State Auditing Agencies Approved BK0802025195 Hanoi Voice of Vietnam in English 1000 GMT 7 Feb 95

[FBIS Transcribed Text] Prime Minister Vo Van Kiet has approved a decree detailing regulations for state auditing agencies. The agencies assist the government in accounting for the expenses of economic and social organizations using state funds. The agencies have unlimited access to the documents of state-funded enterprises.

Under the decree, agency authorities can request assistance from legal counsel or other pertinent officials as well as issue punitive measures against anyone who tries to impede the auditing process or violate the state financial and accounting laws.

Agency audits will include the state budget, capital construction investment, foreign aid, environment, and individual projects relating but not limited to national defense, security, and reserves. A state general auditor will be nominated to oversee all state auditing agencies.

Deputy Premier Receives Indonesian Guests

BK0802023095 Hanoi VNA in English 1427 GMT 7 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 7—Deputy Prime Minister Phan Van Khai received here today a delegation of the Indonesian State for Administrative Reform led by Minister T.B. Silalahi who is on a working visit to Vietnam.

On this occasion, the Indonesian head delegate said that Vietnam and Indonesia share many similarities not only in their struggling processes for independence and national construction in general, but also in dealing with concrete matters arising in the building of state and national administration. He highly appreciated Vietnam's achievements in economic renovation and pledged to continue assisting, exchanging knowlege and experiences with Vietnam in administrative reform, especially in the organizational work and personnel training.

For his part, deputy P.M. Phan Van Khai said of the urgent need to carry out administrative reform in Vietnam as from 1995 and expressed his belief that Indonesia that once shared useful experiences with Vietnam in economic management, anti-inflation, and so on will continue closely cooperating and assisting Vietnam in administrative reform.

Nguyen Manh Cam Arrives in Australia 7 Feb BK0702125095 Hanoi Voice of Vietnam in English

BK0702125095 Hanoi Voice of Vietnam in English
1000 GMT 7 Feb 95

[FBIS Transcribed Text] Vietnamese Foreign Minister Nguyen Manh Cam arrived in Australia on Monday [6 February] for talks with Australian officials covering regional security issue, trade, immigration, and tourism.

Mr. Cam will meet Prime Minister Paul Keating, Foreign Minister Gareth Evans along with other cabinet ministers during his five-day visit.

Foreign Minister Gareth Evans said that Australia and Vietnam enjoy the mutual benefits derived from bilateral relationship. Australia is among the top sources of foreign investments in Vietnam. Tourism is also expanding to 30,000 Australian, including many of Vietnamese origins, visiting Vietnam last year.

Defense Ministry Widens Research Center Scope

BK0702084795 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 7 Feb 95

[FBIS Translated Text] Following an expansion of its service this year, the Science, Technology, and Environment Information Center of the Ministry of National Defense, in addition to providing information on military technology, will be providing information on strategic issues in the military technology field. The center's main direction is to provide information for research on fighting against high-tech weapons, the building of protection areas, fighting with existing weapons, our armed forces' fighting methods, and so forth.

Article on Safeguarding Socialist Orientation

952E0051A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Nov 94 pp 35-37

[Article by Lieutenant Colonel Phan Van Thach: "Let Us Overcome Dogmatism and Conservatism, Oppose Opportunism and Revisionism, and Firmly Maintain the Socialist Orientation"]

[FBIS Translated Text] Socialist renovation is continuing in our country, still faced with many difficulties and obstacles. These difficulties and obstacles are caused not only by the fact that the renovation undertaking is taking place against the backdrop of a complex international situation and challenges mixed with opportunities, and by the complex nature, large scale, and growing dimensions of the tasks set for us; they are also caused by the "danger of deviation from the socialist orientation, if mistakes are not overcome" in the process of carrying out renovation. Reality has shown that among these mistakes are "manifestations of conservatism and an unwillingness to renovate as well as the tendency to carry out renovation impatiently and hastily by slavishly copying the methods used by foreign countries."²

As our party has affirmed, renovation "does not mean that we will change the socialist objective; on the contrary, it means that we will see to it that this objective will be successfully achieved through the adoption of a correct concept of socialism and through the application of appropriate forms, steps, and measures."³

However, there still are manifestations of dogmatism and conservatism, and the erroneous old concepts and ways of doing things are still maintained despite the fact that they have been seriously criticized by the sixth and seventh party congresses. This is because these concepts and methods are deeply ingrained in the consciousness of a number of people and have become a "rut" and a habit which these people cannot shake off. As a result, these people are worried that renovation would cause the "loss" of socialism! In the renovation process, dogmatism and conservatism have also manifested themselves in the following manner: When faced with difficulty, complexity, and new problems, the dogmatic and conservatives would vacillate and go back to the old ways of doing things without realizing that they should be sensitive to the new, should correctly resolve problems according to the requirements of renovation in reality, should use practice to test theory, should draw lessons from practice, and should generalize theory in order to have an even deeper and more creative perception of socialism and the path to socialism in our country.

The evolution of history is governed by universal, objective laws, but influenced by the interaction of specific factors in each country, nation, and age. Speaking on the path to socialism in a small agricultural country, Lenin clearly pointed out the necessity of taking "a series of special transitional measures" and essential intermediate steps such as encouraging legitimate personal interests to draw the people of all strata into socialist construction, restoring and developing the commoditybased economy, adopting economic accounting, applying the market mechanism..., and, particularly, practicing state capitalism. Dispelling the masses' doubts at that time, Lenin stressed: "This seems to be an economic model that is as far from communism as the earth is from the sky. But, in vivid reality, it is one of the contradictions that will take us from a small agricultural econom to socialism."4 The correctness of Lenin's theory has been proven by the implementation of the new economic policy in Russia.

In the conditions of our country, which has an economy in which small-scale production is predominant, with a largely autarkic, backward agriculture, and which is advancing to socialism without going through the stage of capitalism, developing multisector commodity-based economic system that operates according to the market mechanism and along the line of socialist orientation is an objective demand of our national economic development for the purpose of releasing all productive capability, serving the people's life, strongly developing productive forces, and building the material and technical base of socialism step by step. Historical realities have shown that goods production and markets are not exclusive products of capitalism (although they are developed to a high level under capitalism), but are common products of human progress. Developing a multisector commodity-based economic system that operates according to the market mechanism and under the management of the socialist state is a creative application aimed at achieving national development in its truest sense in building socialism and making the people prosperous, the country powerful, and society equitable and civilized. State management and regulation will, on the one hand, prevent the spontaneous character and negative effects of various economic sectors, goods production, and the market mechanism; on the other hand, they will exploit to the fullest the positive aspects of different economic sectors and ensure strict adherence to the socialist orientation. Thus, it can be said that, developing a multisector commodity-based economic system and a market mechanism does not mean that there will be no more socialism as some dogmatic, conservative people think. However, in view of this situation, opportunistic and revisionist people argue that accepting the private economic sector and market economy is tantamount to accepting the failure of socialism and the bankruptcy of the Marxist-Leninist doctrine of establishing an economy on the basis of the public ownership system.

Realities over the past eight years have shown that we have recorded very important achievements in renovating the economy in accordance with the spirit of the sixth and seventh party congresses by means of appropriate forms and steps. These great achievements have been of utmost significance in that have enabled us to make a very important step forward in overcoming the socioeconomic crisis, to continue firmly maintaining and consolidating political stability, to strengthen the leadership role of the party, to enhance the efficiency of the state management, to broaden democracy, to ensure national defense and security, and to increase the people's confidence in the party, state, and renovation undertaking. Our foreign relations have been broadened and our country's prestige and status enhanced, creating a favorable international environment for the building and defense of the socialist homeland.

These great achievements have opened up great opportunities of peace and stability for us to continue the renovation undertaking in accordance with our set objectives. However, while our country is facing both opportunities and challenges, people with opportunistic and revisionist tendencies have sought to obstruct and undermine us by all means, including distorting Marxism-Leninism and Ho Chi Minh Thought, in an attempt to revise the socialist objective and path that our party and people have striven for to the best of their ability. In one way or another, they have made every effort to cheer and extol capitalism to the skies. They contend that socialism is only "an erroneous experiment of history," and that Marxism-Leninism is no longer valid and feasible, therefore it should be discarded altogether. They claim that "in fact, socialism has reached a dead end." They cynically deny the achievements of socialism, worship modern capitalism, extol bourgeois democracy and pragmatism, and hold that nowadays class struggle is outdated, that socialism could integrate with capitalism, and so forth. They contend that what they are advocating is absolute "renovation." But, in fact, that is alienation from the socialist objective and path and deviation into the orbit of capitalism. The realities of reform and restructuring in some former socialist states have proven that fact, and the inevitable result of such tendencies are the "change of color" of the system and the gradual replacement of socialism by capitalism.

We do not deny the new developments of capitalism made possible by readjustment and adaptation. But, although capitalism has brought about a strong development of productive forces and a definite readjustment of production relations, its nature has never changed. This is because its socioeconomic foundation still rests on the capitalist system of private ownership of the means of production in which monopolistic capitalism holds a predominant position. However, this domination has undergone new developments and has been highly socialized and internationalized in a capitalistic manner. This is exactly the preparation of the material and socioeconomic premises for the future society which the socialist

revolution must exploit to the fullest. However, these changes in themselves have not altered the nature of capitalism; such alteration must be realized through a revolution in one form or another, not through adherence to the vague illusion that socialism could integrate with socialism, that class struggle is outdated, and so forth. In the new conditions of opposing forces coexisting and cooperating while struggling against each other, it is natural that there should be an appropriate spirit, content, and method of struggle. In the current situation, any locality that belittles or denies the class and class struggle concepts will certainly deviate from the socialist objective and orientation sooner or later. But any locality that has a correct perception of the class and class struggle concepts in the new conditions will firmly maintain the socialist orientation, no matter what form the state there may take, because essentially it still is a state of the people, by the people, and for the people.

The struggle to overcome the manifestations of dogmatism and conservatism and the struggle against all manifestations of opportunism and revisionism, against the backdrop of the ideological and theoretical struggle, are taking place fiercely. Hostile forces are concentrating on violently opposing and sabotaging our country's revolution by means of extremely insidious "peaceful evolution" maneuvers. Therefore, we should be constantly on the alert to unmask and effectively struggle against all hostile forces' distortions of the Marxist-Leninist doctrine, Ho Chi Minh Thought, and the party's line and viewpoints.

Renovation as well as the entire socialist construction undertaking is essentially a creative and revolutionary cause. There is no rigid, immutable, premade model for renovation; there has never been such a model for the evolution of history. This requires that we should cease-lessly improve our intellectual level and practical ability and think and act in a creative manner in order to effectively, gradually, and steadily meet the demands of the cause of renovation and socialist construction.

Footnotes

- 1. "Political Report of the Party Central Committee at the Midterm National Conference of Delegates," TAP CHI CONG SAN, February 1994, p. 14.
- 2. Documents of the Seventh National Party Congress of Delegates, Su That Publishing House, Hanoi, 1991, p. 48.
- 3. Ibid., p. 53.
- 4. Lenin, Complete Works, Progress Publishing House, Moscow, 1978, Vol. 44, pp. 189-190.

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Australia

'Stepped Up' Local Espionage by PRC Cited

BK0802040395 Hong Kong AFP in English 0352 GMT

8 Feb 95

[FBIS Transcribed Text] Sydney, Feb 8 (AFP)—China is believed to have stepped up espionage activity in Australia and is closely watching or intimidating key members of the local Chinese community, some of its leaders said here Tuesday.

Complaints of harassment, including threats against family members still living in mainland China, followed reports that Australia's intelligence agency has recently boosted surveillance of suspected Chinese spies.

The Australian Security Intelligence Organisation (ASIO) is said to have identified a steady increase in Chinese agents operating under direct orders from Beijing and now feared to be engaged in harassment of Chinese living in Australia.

It is thought to be aimed at preventing anti-communist Chinese in Australia taking actions that could pose a threat to China, either political or economic, reports here said Tuesday.

One Chinese community leader, Sydney doctor Peter Wong, told AFP he was aware of increased activity by China and knew one Chinese individual whom he suspected was working as an agent for Beijing.

Wong said there had been close monitoring of the local Chinese business community and "subtle threats" made against some of its members. "They have to go along with it or they won't be allowed to do business in China," Wong said.

"They have been told that if they don't behave well (towards China) they will never be able to go back to China or that their relatives and friends will not be favourably looked on."

Former student leader and dissident Ken Xu, who fled here after escaping the 1989 Tiananmen Square massacre in Beijing, said he believed he and his organisation had been targetted for malicious rumour, threats and intimidation.

Xu, 31, is an official of a local dissident organisation known as the Alliance for a Democratic China, who now works as marketing director at a Chinese-language newspaper here.

"It is a very bad time for myself and the other leaders of the organisation and I'm very sad to say that some of my colleagues have quit the organisation," he told AFP. "But whatever happens the rest of us will be continuing.

Xu admitted to being "very worried" about his family in China and said he had been warned last week that he should not try to go to Hong Kong, adding: "It would not be safe for me. "I don't know what's happening to my family and I don't know what is going on in China," he said.

"But I can imagine the atmosphere is very sensitive because the leader will die very soon," he said, referring to reports that paramount leader Deng Xiaoping's health was poor.

Xu, who was part of a delegation that went to Monaco in 1993 to campaign against Beijing's bid for the 2000 Olympics, said that since then there had been a campaign of rumours and lies against him and his associates.

An official of ASIO refused to confirm reports it had boosted surveillance of Chinese agents, saying that a number of countries not just in Asia were engaged in espionage here.

which said many people who had left their home countries to seek a new life in Australia had become the target for interference and espionage.

"The most usual activity of concern is the monitoring of emigres and the reporting back on people who are now Australian residents," the report said.

Australia continues to be a focus for espionage activity sanctioned by several Asian governments.

Evans on Release of Burma's Aung San Suu Kyi BK0702085495 Melbourne Radio Australia in English 0500 GMT 7 Feb 95

[FBIS Transcribed Text] Australia says Burma should release the prodemocracy leader, Aung San Suu Kyi, by July or face international consequences. Australia's foreign minister, Gareth Evans, said if Burma did not take action on political and human rights issues in the next six months pressure would have to be applied. Senator Evans said the international community was getting fed up with the military regime. He said the next six months would be crucial and pressure was mounting even from the Association of Southeast Asian Nations, which has a policy of constructive engagement with Burma.

[Begin Evans recording] I think the six months deadline follows from the fact that there is no conceivable legal justification under Burmese law beyond which they could keep Aung San Suu Kyi in detention beyond next July. I think the dialogue that did take place in the latter part of last year took the game forward significantly and importantly, but they just got nervous at the barrier and I think it is important to keep the pressure up so that we do see that barrier being passed and some major reforms beginning to take shape. [end recording]

Senator Evans' remarks coincided with a call by Australian aid groups for strong Australian diplomatic action against Burma because of its military operations against Karen rebels. In a letter to Senator Evans, the Burma Forum, a body representing the aid groups, ask for Australian support to ensure that Thailand gave immediate protection to Karens who have crossed the border to Thailand.

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